

# Accountancy

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## Professional Notes

### Accountants in the Civil Service

THERE ARE SOME 500 MEMBERS OF THE "PROFESSIONAL ACCOUNTANT" CLASS IN the Civil Service. A committee appointed under the chairmanship of Sir Thomas Gardiner to consider their "future organisation, structure and remuneration" has just issued its report. The document is an illuminating commentary upon the grievances of which the "Professional Accountants" have been complaining during recent years. It finds much substance in their case, even though the committee is naturally more restrained than the Professional Accountants themselves in criticising the present set-up in the Service.

The 500 Professional Accountants are the *élite* of the accounting profession in the Civil Service: there is a very much larger number of "Executive Accountants," but these are almost entirely unqualified. All the Professional Accountants are fully qualified members of one of the main professional bodies, recruited to the service between the ages of 25 and 35. Generally speaking, they are engaged on work involving the financial relations of the Government Departments with business and industry—work which has grown so much since before the war that the 500 now in the Service is ten times the number employed before 1936 (but less than half the number at the end of the war).

On the major issue of salaries, the committee recommends increases for all grades of Professional Accountants, except the most senior. The comparison of the existing scale and that proposed is as follows:

	Present (£ per annum)	Proposed (£ per annum)
Accountants ..	500 (at 26)— 750	600 (at 26)— 810
Senior Accountants	750—950	810—1,100
Chief Accountants	1,000—1,160	1,150—1,350
Assistant Directors	1,150—1,310	1,400—1,600
Directors ..	1,500—1,900	Generally no change

It is to be noted that these increases in salary are recommended not so much because of the rise in the cost of living, but because of a recognition that the remuneration of the Professional Accountants has been too low in relation both to their responsibilities and to the opportunities offered outside the Civil Service. The committee hopes that the increases will help to increase the number of recruits to the Professional Accountant class. Another recommendation which, if it is implemented, will work towards this end is that there should be movement out of the Professional Accountant class into the Administrative class. There has so far been no movement of this kind, a fact that is "the more striking when it is remembered, on the one hand, how considerable is the part played in business and industrial administration by men drawn from that source [professional accountancy] and, on the other, how substantial has been the contribution of the other professions and the Executive class accountants . . . to the Administrative class as a whole." The best use, says the committee, must be made of this "reservoir of talent."

It is further recommended that there should be a reduction in the high proportion (almost 60 per cent.) of cost accounting and commercial audit work handled by Professional Accountants and that more variety should be introduced into their duties. The committee adds that "a certain amount of accountancy other than cost accounting and auditing is entrusted to professional firms for reasons which are no doubt good in themselves but which have not hitherto, so far as we can judge, included realisation of the need to provide Service accountants with a reasonable variety of work." This need, it says, should be kept in mind when accountancy work is distributed between the

professional staff of the Departments and professional firms.

The report is published as the *Report of the Committee on the Organisation, Structure and Remuneration of the Professional Accountant Class in the Civil Service* (Her Majesty's Stationery Office, price 1s. net).

### The Expanding Accountancy Profession

In 1931, there were 13,900 accountants in England and Wales. In 1951, there were 27,000. In practically doubling its numbers during the twenty years, the accountancy profession was among a small group of professions which showed extraordinarily vigorous development. The others were architecture and town planning (a two-thirds increase); civil engineering and surveying (a growth by one and a half times); and mechanical and electrical engineering (an increase of nearly three times).

The clergy, dentists and the legal professions (judges, magistrates, barristers and solicitors) were practically constant in numbers over the twenty-year period. There were about a quarter more doctors in 1951 than in 1931.

The total of 27,000 accountants in England and Wales excludes articled clerks and apprentices, and some further slight adjustments have been made in arriving at this figure in order to make it comparable with that of 1931. The gross total for 1951 under the general heading "accountants"—rather oddly called "qualified accountants" in the official returns—in Great Britain (not England and Wales) is 36,200. This figure is made up thus:

Employers ... ..	6,900
Working on own account	3,500
Managers ... ..	300
Employees ... ..	25,400
<small>(including 7,300 articled clerks and apprentices)</small>	
Not working ... ..	100

It should be noted that all the figures given in this note refer to accountants wherever engaged—in industry, the profession itself, or public service.

These statistics are contained in a report just published by Her Majesty's Stationery Office (*Census 1951—One Per Cent. Sample Tables, Part I*, price 17s. 6d. net). With commendable enterprise

and promptitude, the Census authorities analysed part of last year's returns on a sample basis. The present volume, giving the first results, shows the analysis of the population by ages and marital condition, occupations, industries and housing arrangements.

### Companies Act, 1948

As it is proposed that representations should be made on behalf of the Society of Incorporated Accountants before the end of the year for the amendment of the Companies Act, 1948, particulars of difficulties experienced by individual members of the Society in the practical application of any of the provisions of the Act (or of the Rules made thereunder) would be welcomed. These should be addressed to the Secretary of the Society.

### International Congress on Accounting—Record of Proceedings

An account of the proceedings of the recent International Congress on Accounting is to be published in book form. It will contain a report of all speeches and discussions, reports on all social events, names of those attending the Congress, and the complete set of the papers contributed at the Congress.

Orders for the book should be sent to the Secretary, Sixth International Congress on Accounting, c/o The Institute of Chartered Accountants in England and Wales, Moorgate Place, London, E.C.2. The number of copies of the book required, and the address or addresses to which they are to be sent, should be stated. A remittance for £2 2s. for each copy should be enclosed with the order. As only a limited supply will be available, early application is advisable.

### The Bankers on LIFO

With the second instalment of its written evidence to the Royal Commission on Taxation the British Bankers' Association provides a short study of the regulations in force in the U.S.A. in regard to stock valuation, as it had been asked to do by the Commission. This survey is an extremely useful factual statement, which the Association uses to support its contention that, along with other bases, the

LIFO basis ("last in, first out") should be permitted in this country for tax assessments.

The significant features of the tax regulations in U.S.A. (set out in full in an annex to the evidence) are taken to be:

(1) The stipulation that inventory rules cannot be uniform, but must give effect to "the best accounting practice in the particular trade or business";

(2) the freedom, in valuing stock on the basis of cost or market value, whichever is the lower, to take individual items separately and thus to minimise the value of the stock;

(3) the power of the taxpayer to elect for the LIFO method of valuation.

Examples of calculated profits and losses show that in a period of rising prices the FIFO basis ("first in, first out") results in the largest apparent profit on sales and LIFO the smallest; the "cumulative average cost" basis results in a smaller profit than FIFO and the "basic stock" basis in a still smaller profit, though one that is still larger than is produced by the LIFO basis. With falling prices, the LIFO method gives a small profit on the hypothetical figures taken and the FIFO method a loss.

The LIFO basis has two main implications when prices are rising: it minimises (1) the apparent profit on sales and therefore the tax liability and (2) the balance sheet valuation of the stocks held. The FIFO method has precisely the opposite effects at a time of rising prices.

When prices are falling, however, it is the FIFO basis which permits stock valuations to be minimised. The Association argues from this, by a neat process of logic, to its conclusion:

It is indeed a basic principle of British methods of accountancy that traders should be permitted to adopt market price as the basis of valuation of assets wherever this falls below cost of acquisition. It is impossible to rest this well-established practice upon any other principle than that of commercial prudence, which implies that provision should always be made in the accounts of the current period for any loss that can be clearly foreseen, and also that assets should be valued conservatively. In our view it is in the general interest that this principle of commercial prudence should be accepted and recognised by the Inland Revenue as the fundamental rule governing the presentation of commercial accounts. In its application to inventory valuations, it implies that a trader should always be



allowed to regard himself as disposing first of those items in his stock which have cost him most.

The Association adds that it sees no justification for insisting that a particular method of valuation, once adopted, should be followed through all changes in market conditions. It lends its support to the view, already expressed by others, that legislation would not be needed to bring about the reform advocated. "Since the existing practice of the Inland Revenue rests on no statutory authority, the desired change could be brought into effect by a simple notification of a change in that practice." Finally, it considers that commercial accounts should be prepared on the same basis as for tax purposes.

### Emigration of Companies

The Financial Secretary to the Treasury stated in the House of Commons on July 16 that about 400 applications for Treasury consent to move registered offices out of this country had been made under Section 468 of the Income Tax Act, 1952 (formerly Section 36, Finance Act, 1951), and three had been refused. Twenty-eight of these applications were for consent to transactions falling within sub-Section (1) (a), which made it unlawful for a company resident in the United Kingdom to cease to be so resident without the consent of the Treasury. One of these had been refused.

### The Public Trustee

The Public Trustee's Department accepted 568 new cases during the last financial year, of a total value of £8.9 million. In the previous financial year, there were 590 new cases, of a total value of £9.3 million. The size of the new cases is on the decline—in 1951-52, 59 per cent. of them were under £5,000 in value, against 52 per cent. in 1950-51. Since the inception of the Department, it has accepted 46,171 cases. Of these, 19,155 were still alive at the end of the last financial year and their total value was £275.2 million.

### Increased National Insurance Benefits

The Ministry of National Insurance is making larger payments to about a

million and a half people from July 24. The standard weekly rate for sickness or unemployment benefit is now 32s. 6d. instead of 26s.; persons under 18 receive 20s. instead of 15s. Most married women have hitherto received 16s. a week for sickness and 20s. for unemployment: these rates are increased to 22s. and 26s. respectively. The weekly allowance for a wife or other adult dependant has gone up from 16s. to 21s. 6d. and for the first or only child it is 10s. 6d. The allowance for other children remains at 2s. 6d. a week each (in addition to family allowances).

Widow's allowance (for the first 13 weeks) is raised from 36s. to 42s. 6d. a week; widowed mother's allowance, including provision for one child, from 40s. to 43s.; and widow's pension from 26s. to 32s. 6d.

Industrial injury benefits are correspondingly increased.

Family allowances and guardians' allowances will be increased from September 2, and retirement pensions from the first pay-day after September 29.

### Colliery Concerns and Profits Tax

The nationalisation of the coal industry means that a large number of colliery concerns will eventually be wound-up, though at present they remain in being in order to pursue their claims to a share in the compensation money. A recent decision of the Special Commissioners is to the effect that companies in this position are not assessable to profits tax. Unless the decision is successfully challenged by the Inland Revenue, it will result in a number of companies receiving windfalls from the release of tax provisions made during recent years.

### Business Efficiency Exhibition in Liverpool

A six-day regional Business Efficiency Exhibition is to be held at St. George's Hall, Liverpool, from September 22 to 27. Some fifty exhibitors will be taking part. A special feature of the exhibition will be equipment recently developed for the benefit of industries prominent in Liverpool and other Lancashire towns.

The exhibition is organised by the Office Appliance and Business Equip-

ment Trades Association, the sponsors of the annual Business Efficiency Exhibition held on a national scale.

### Cost and Works Accountants' Summer School

The Institute of Cost and Works Accountants will hold its third Summer School at St. Catharine's College, Cambridge, from September 22 to 27. Papers will be given as follows: by H. A. Simpson, F.C.W.A., F.C.I.S., on the productivity of the office worker; by H. H. Norcross, F.C.W.A., on office mechanisation; by C. A. Herring, F.C.W.A., on budgeting procedures; by B. B. Swann, B.Sc. (ECON.), B.COM., on the application of electronic computers to industrial accountancy; and by Graham Hutton, O.B.E., B.Sc. (ECON.).

The papers will first be discussed in groups and group reports will later be presented at general meetings, where the speakers will reply to the discussion.

A formal dinner will be held in Hall on the last evening and a number of distinguished guests from the university, industry and the accountancy profession are expected to be present.

It is understood that the list of applications for places at the school is still open. The charge, inclusive of accommodation, is £8 8s.

## SHORTER NOTES

### New President of the American Institute

Mr. Jay A. Phillips, of Houston, Texas, has been nominated as President of the American Institute of Accountants. His nomination will be submitted to the sixty-fifth annual meeting of the Institute in Houston next October. Mr. Phillips is chairman of the Texas State Board of Public Accountancy and a past-President of the Texas Society of Certified Public Accountants.

### Nemesis\*

\* Goddess of retribution. From Greek *nemesis*, to give what is due.

"Having some trouble with the Inland Revenue over income tax returns, he wrote to *The Times* about it. Authority affronted by criticism thereupon demanded an immediate restatement of his income for six years. He prayed in aid an accountant, who recovered £300 that he had in his innocence overpaid."—From a review in *The Times* of A. A. Milne's recent autobiography, *Year In, Year Out*.

# ACCOUNTANCY

FORMERLY THE INCORPORATED ACCOUNTANTS' JOURNAL ESTABLISHED 1889

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## Export or Expire

WHEN A FORTNIGHT OR SO AGO MR. Churchill announced the debate on economic affairs which was held in the House at the end of last month, he was variously reported to have spoken of "grave and far-reaching matters" and to have warned of "grave and far-reaching measures." Asked which phrase was correct, he replied that he was certain of the epithets he had used, but not of the noun. Certainly his adjectives were apt enough, whether he was referring to the economic condition of this country or to the steps which need to be taken to set it right. But after the debate one is compelled to take the noun in his earlier speech as "matters," not "measures." For the Government has regrettably failed to produce a policy matching the gravity and danger of the situation which confronts both it and the country at large.

It is not sufficient—indeed, it is seriously misleading—to talk of an economic crisis. We have had economic crises in plenty these last few years. The fact that we have outlived them has made people critical of the very idea of a crisis. To surmount a sudden intensification of a disease is not to cure the disease itself. Our economic malady is long-standing and insidious—the dramatic and sudden worsening of our condition every so often tends to divert attention from the deep-seated nature of the sickness. The fever may be abated with the aid of an economic sulphonamide—imports cuts, slowing-down of the defence programme and so on—but the patient has a slow wasting illness which demands not quick-working drugs but a long period on a strict regimen, perhaps preceded by a surgical operation.

It is true that the sterling area lost

less gold and fewer dollars in the second quarter of this year than in the first—only £5 million compared with £227 million. But in the second quarter the United Kingdom received £72 million of the £107 million of American aid due to it during the year ended last June. The quarter was also a relatively favourable one so far as concerns the gold outflow to countries of the European Payments Union—more favourable than can be expected during the present quarter. Before taking account of the results of the measures announced during the economic debate, it appeared that in the second half of this year we should have an adverse balance of payments of some £200 million. This figure may seem only marginal for a country where imports total approximately £4,000 million a year. But to see it that way is to put it in isolation from the all-important factor of the size of our gold and dollar reserves. At the end of June, those reserves amounted to barely £600 million. They serve not only this country but the whole of the sterling area. An unplugged drain from them in the second half of this year, which would be inevitable unless the gap in our own balance of payments were closed, would make them too small to withstand any sudden demands from the sterling area countries—resulting, for example, from a slump in the prices of some of the primary products—and also too small to stand the ordinary day-to-day fluctuations which the reserves are intended to meet.

It follows that it is essential, not simply to avoid any adverse balance of payments in the second half of this year, and in subsequent years, but also gradually to build up an increasing surplus on Britain's international

account. Only in that way can the sterling area, and all that goes with it, politically and economically, be kept unimpaired. Only thus can this country remain the centre of an economic confederation comparable with the United States of America and Soviet Russia in influence and world importance.

The measures just announced by the Government are not of a type or a magnitude to cope with this state of things. They are, in essence, another instalment of short-term palliatives such as we have had before. Even taken as such, they are woefully deficient. Restrictions on imports may do as much harm as good by provoking restrictions on our exports by other countries. The slowing-down of defence expenditures, if it leads to nothing more serious, may incite "incidents" in various parts of the world—such as those which have occurred in Iran, Egypt, Malaya, Western Germany and elsewhere—which will cost us much more in the longer run than the full defence programme would cost us now. We have reached a point, it may fairly be said, where short-term remedies are unlikely to be successful even in the short term. Only by graver and more far-reaching measures can we now hope to secure ourselves against outrageous economic misfortune.

One does not have to spell out such measures in detail to perceive what their salient nature would have to be. They must release sufficient resources from the domestic economy to enable a great and sustained growth of exports to be achieved. Two sectors of the domestic economy, both swollen beyond all due measure from the post-war inflation, are now absorbing an inordinately large share of our resources and must be made to moderate their intake. One of these sectors is social investment, of which housing is the largest and most omnivorous part. The other is personal consumption. It is indeed tragic that this country, after successfully waging the greatest war in history, does not possess the resources to do all that is socially desirable for its people in investment and in consumption. But the hard truth is that the socially desirable is the economically impossible. If we are to wage successfully the present struggle for economic survival, we must have the fortitude and courage to face that truth and to act upon it.



# Company Accounting—A Constructive Critique

*The main theme of a paper recently read by Mr. F. Sewell Bray, F.C.A., F.S.A.A., before the Statistical and Social Inquiry Society of Ireland, was company accounts as reports of stewardship and sources of statistical information. We have pleasure in presenting a summary of Mr. Bray's paper, together with the four forms of company accounts which he gave. Mr. Bray, who is a member of the Council of the Society of Incorporated Accountants, recently became chairman of the Society's Research Committee, in succession to Mr. Bertram Nelson.*

REMARKING THAT IN THE IRISH REPUBLIC THE LEGAL FORM OF company accounts was still very largely governed by the Companies (Consolidation) Act, 1908, Mr. Bray said that the accounting standards of that Act looked sparse in comparison with those of the British Acts of 1929 and 1948. There was the surprising absence of any obligation to report in a prospectus on either the past profits or the net assets of a company, and the failure to provide for a profit and loss statement made it difficult to assess the operating effectiveness of a company.

He believed that limited liability was still a privilege. All privileges implied duties, and intelligible accounting disclosure was surely the duty corresponding to the privilege of limited liability. Yet the 1908 Act granted privileges to private companies no matter whether they were small family businesses or the subsidiaries of public companies. Failure to recognise the domestic entity, as opposed to the legal entity, of a holding company and its subsidiaries was a serious defect of the Act. The legal entity was important from the point of view of creditor claims and there were circumstances in which consolidated accounts were not to be favoured as a method of presenting group results, but in many cases group measures of income and wealth were both significant and informative.

In the United Kingdom the 1948 Act had, with minor exceptions, secured that company accounts fulfilled their primary purpose of conveying adequate financial information in a form that could be assimilated by shareholders and creditors. But the question of relating accounts to general economic policy also arose, for national aggregates, in this context, were but the sum totals of the contributions of the individual entities. The Cohen Committee had stated that in their view information concerning sales, expenses of production, selling and distribution, administration and management and other like details could not be adequately given in published accounts without the latter being overloaded. Such information was better obtained through some such machinery as the Census of Production Act. Mr. Bray did not agree: in his view a simple form of presentation could be devised.

The two general economic concepts of periodic income and of wealth were central and quite fundamental to the practice of accounting. Income was devoted to consumption and saving, whilst wealth implied a store of real assets. Accounting information might be presented in a series of related accounts designed to give effect to these concepts. First, an account measuring periodic income; next, an account showing the disposition of that income; a third account to explain the application of saving, its effect upon wealth, and capital changes; and lastly, an account measuring the resources comprising the wealth. Accountants came very near to using this type of structure. In accounting terminology the four accounts would be recognised as a profit and loss account, an appropriation account, a capital reconciliation statement and a balance sheet.

The function of the profit and loss account was to assess operating income. The main operating profit or loss should be transferred to the appropriation account, where profits and losses from minor activities, non-operating incomes and outgoings, and exceptional items should be shown separately.

The practice of the accountant was developed during a period of relatively stable prices. It looked both to the maintenance and stewardship of money capital expended on fixed assets, and to the eventual recovery of all money costs out of revenues. But the persistent depreciation of the value of money had now called into question the validity of this approach. Mr. Bray suggested that the stewardship of contributed money capital could still be preserved in balance sheets, while at the same time there could be provided an adequate measure of *real* profit earned in company operating accounts. From this standpoint, the function of depreciation accounting for a continuing entity was to provide resources adequate for the replacement of *real* assets. But, if the stewardship of contributed money capital was to be retained, fixed asset cost recoveries should not fall below allocations based on the money expended on the original asset.

It was his view that if the accounting implications of changing money values were to be dealt with properly, assets should be analysed into: (i) real or physical; (ii) intangibles; and (iii) monetary claims. It was only in connection with real or physical assets that the problem of changing money values as a question of accounting measurement arose. Fixed assets should be re-priced at current costs, preferably on the basis of a capital goods price-index. The excess of this price (less accumulated depreciation to the beginning of the accounting period) over the original cost written-down value would be transferred to a price-change account.

In so far as the major portion of the inventory of an enterprise constituted a fixed asset necessary to the continuation of effective operations, it should be classified as such in the balance sheet. Inventory profits or losses should be excluded from operating income, although a loss should be recovered by appropriation out of either previously accumulated price-change profits or current income, where not to do so might impair the protection of money capital. As regards accounting mechanics, he did not greatly favour the LIFO method because of the balance sheet undervaluation involved. Alternative suggestions were the maintenance of the lower of opening and closing stocks, or the base stock method.

Turning to the specimen accounts (reproduced on page 260) Mr. Bray said that so far as traditional accounting practice was concerned the form of the first account was revolutionary. It was not so revolutionary to economists, since it brought out the concept of value added and utilisation of production factors. An unusual feature was the entry for interest on real assets. This covered the economic conception of profits as the reward for risk-bearing and organisation: as a reasonable approximation there could be used an interest rate equal to the average yield on the market values of gilt-edged securities at the accounting date.

He regarded the balance sheet as the accounting means of employing certain valuation conventions to measure capital and to show the aggregates of assets and liabilities.

Mr. Bray concluded by saying that the understanding of the mechanics of economic stability at high levels of activity depended, in part, upon the study of empirical measures. Accounting provided some of those measures.

## Operating Activity

INPUT ALLOCATIONS		OUTPUT VALUE ADDED	
I. <i>Labour</i> — Wages and salaries and social insurance contributions.		I. <i>Net Sales</i> of goods and services† .. ..	x
(i) Director or operative .. ..	x	II. <i>Minus</i> net purchases of goods and services varying with output‡	x
(ii) Ancillary .. ..	x x		
(iii) Selling and distribution .. ..	x	III. <i>Changes</i> in inventories§	x
(iv) Administration and management .. ..	x	IV. <i>Minus</i> net purchases of goods and services related to productive facilities, <i>not</i> varying with output ..	x
II. <i>Capital</i>			
(i) Rents (imputed or actual):			
1. Factory .. ..	x		
2. Warehouse and salesroom .. ..	x		
3. Office .. ..	x		
(ii) Depreciation of real assets, measured in terms of end-period prices* .. ..	x		
(iii) Interest on real assets (excluding buildings), employed during the period of account and measured in terms of end-period prices ..	x x		
III. <i>Operating Surplus</i> .. ..	x		
	x	Total Value Added .. ..	x

\* This conceptual measurement involves serious practical difficulties.

† After deducting returns, allowances, discounts and bad debts.

‡ After deducting returns, allowances and discounts. Indirect taxes are included in purchases.

§ Subject to valuation adjustments.

*Net purchases of goods and services.*—A separate indication might be required of provisions to meet liabilities for goods and services, not determined at the accounting date with substantial accuracy.

The input allocation under the heading of *Administration and management* might require specific separate disclosures in respect of the remuneration and benefits of directors.

## Appropriation Account

I. Interest on borrowed money .. ..	I. Operating profit .. ..
II. Direct income taxes .. ..	II. Interest on real assets employed .. ..
III. Dividends paid and proposed .. ..	III. Income from investments
IV. Retained income .. ..	
	IV. Retained income of the period .. ..
	V. Withdrawals from reserves and provisions
V. Transfers to reserves .. ..	VI. Retained income brought forward from last period .. ..
VI. Retained income carried forward to next period	

## Resting Account

CAPITAL OUTGOINGS		CAPITAL INCOMINGS	
I. Real asset formation (including changes in inventories) .. ..		I. Retained income .. ..	
II. Movements in deferred assets .. ..		II. Depreciation of real assets and other internal operating provisions .. ..	
III. Lending .. ..		III. New capital .. ..	
IV. Net purchase of existing securities .. ..		IV. Borrowing .. ..	
V. Changes in current net indebtedness .. ..		V. Movements in deferred liabilities .. ..	
VI. Changes in monetary balances .. ..			

## Balance Sheet

I. <i>Authorised Capital</i> (detailed) .. ..	I. <i>Fixed Assets.</i>
II. <i>Issued Capital and Capital Reserves</i>	1. (i) Real or physical .. ..
1. Issued (detailed) .. ..	(ii) Minus accumulated provisions for depreciation .. ..
2. Capital Redemption Reserve Fund .. ..	
3. Premium Accounts .. ..	
4. Price Change Account .. ..	
5. Capital reserves .. ..	
III. <i>Revenue Reserves and Retained Income</i> .. ..	2. Deferred expenditure benefiting the activities of future accounting periods .. ..
IV. <i>Long Term Liability Claims</i> (with a separate disclosure of those which are secured) .. ..	3. Intangible .. ..
V. <i>Short Term Liability Claims and Provisions</i> (with a separate disclosure of that part which is secured)	4. Standard inventories .. ..
1. Short term borrowing .. ..	
2. Creditors and accrued expenses .. ..	
3. Provisions .. ..	
4. Proposed dividends .. ..	
5. Current tax liabilities .. ..	
VI. <i>Deferred Liabilities</i> .. ..	II. <i>Long Term Asset Claims.</i>
	1. Investments (with a separate disclosure of trade, quoted, and unquoted investments) .. ..
	2. Lending (with a separate disclosure of loans to employees, directors or officers) .. ..
	III. <i>Short Term Asset Claims.</i>
	1. Speculative inventories .. ..
	2. Debtors .. ..
	3. Bank and Cash balances .. ..

## Notes.

1. Particulars of share options.
2. Arrears of fixed cumulative dividends.
3. Charges on the company's assets to secure other people's liabilities.
4. Contingent liabilities.
5. Estimated capital expenditure commitments.
6. Market value of quoted investments.
7. Basis of conversion of foreign currencies.



## On Giving Evidence

By ERNEST EVAN SPICER, F.C.A.

IT IS A PAINFUL EXPERIENCE TO MEET AN ENGLISHMAN—MORE particularly if he happens to be a professional accountant—who declares that he cannot read with relish *The Posthumous Papers of the Pickwick Club*.

Fortunately, he is a comparatively rare phenomenon and can be ignored, like his fellow "highbrow" who prefers croquet to cricket and eats goose without apple sauce. When, however, such a person—with unconscionable presumption—questions the accuracy of the law as demonstrated directly and indirectly in *Bardell v. Pickwick*, it is time to administer a gentle reminder.

Why, he will ask, did not Sergeant Snubbin call Mr. Pickwick, or Sergeant Buzfuss call Mrs. Bardell? The simple answer is that learned counsel were not permitted to do any such thing in those days, and more than three decades were to pass before the law of evidence was altered to grant such a right.

In this connection, it will be remembered that it was only by virtue of the Criminal Evidence Act of 1898 that accused persons and their husbands or wives were permitted to appear as witnesses for the defence. Prior to the introduction of this very notable Act, prisoners charged with having committed a crime, though presumed by law to be innocent of it until proved to be guilty, were nevertheless forbidden to assert their innocence under oath, because the law further presumed that, being addicted to perjury, they would necessarily speak falsely.

Thus gradually—though mistakenly—the advantageous position of the accused in the dock came to be regarded as disadvantageous and unfair to him. Why should not a man be permitted to enter the witness box and give evidence on oath in his own defence? Surely such an alteration in the law would minimise the risk of a miscarriage of justice. There can be no doubt regarding the logic underlying this argument, but not as visualised by those who cried loudest for this reform in our criminal law. They overlooked two very important considerations.

First, it is far easier to tell the truth than to lie, and as one lie automatically leads to a second, it is almost impossible for an accused person to dovetail a long succession of lies into a logical story which will not break down under skilful cross-examination.

Secondly, when a prisoner, who is permitted to do so, fails to enter the witness box, particularly in cases where there is little evidence to support his story, adverse conclusions, as a result of this negative action, are inevitable.

Formerly—in the bad old days—the reverse was often the case and juries were apt to acquit prisoners on the ground that, had they been permitted to give evidence in their own behalf, they might conceivably have been able to establish their own innocence. As things stand today, a prisoner often hangs himself as a result of exercising his right to give evidence.

If there be any reasonable doubt whether or not a prisoner is guilty, he must be acquitted. This has been interpreted, very loosely and erroneously, to mean that an accused person must be given the "benefit of any doubt."

No favours or benefits are ever dispensed by those engaged in the administration of our criminal law. The prisoner in the dock, albeit he may make his appearance through a hole in the floor, be

enclosed in a cage, and closely guarded by members of the police force, is nevertheless presumed to be innocent until he has been proved to be guilty, and therefore it follows that unless his guilt be proved beyond all reasonable doubt, he must be acquitted. It is clear, therefore, that rights, conferred by law, cannot and must not be regarded as favours or benefits.

### ILLUSTRATION

Some few years ago, a young man, by name John Garrotter, walked into the offices of a well-known newspaper and informed the sub-editor that, having the awful crime of murder on his conscience, he was about to give himself up to the police. Before doing so, however, he thought that the newspaper might be interested in his "exclusive story."

The sub-editor took Mr. Garrotter into a private room, where he made a statement, which was taken down by a stenographer. He confessed that he had murdered a certain Miss Rose Throttle whose body had been found some months before in an empty shop in Villiers Street, a turning off the Strand. He gave a very detailed account of his actions and of the motive which induced him to commit the crime, and after his story had been transcribed, signed and witnessed, he walked to Bow Street Police Station, accompanied by a representative of the newspaper, and "gave himself up."

He was, of course, duly warned, but he declared that he could no longer endure the agony of remorse which his crime had engendered, and therefore he wished to make a full and complete confession. He handed to the Inspector a signed copy of the statement which he had already made, and after a second warning volunteered a further statement, very similar to the first, which was taken down in writing and signed by him.

Now, it was known to the police that shortly before the murder Mr. Garrotter had had in his possession, for a short while, the key of the shop in which the unfortunate girl's body had been found. Moreover, they knew that he had given evidence at the coroner's inquest. In these circumstances they could not do otherwise than inform him that he would be charged with the wilful murder of Miss Rose Throttle.

In due course Mr. Garrotter made his appearance in the dock of the Old Bailey, and, in reply to the usual question whether he pleaded Guilty or Not Guilty, chose the latter alternative.

The police had, of course, made strenuous efforts to confirm or refute the statements made by him in his signed "confessions," but had been unable to do so, and although they were convinced in their own minds of his guilt, the only real evidence against him was that which he himself had furnished. When, therefore, they heard his plea of Not Guilty, they were naturally interested to learn what the defence would be.

After the case for the prosecution was closed, Mr. Garrotter entered the witness box and, having been duly sworn, stated that his two "confessions" were all eyewash.

Ever since his name had been mentioned in connection with the murder of Miss Throttle, at the time of the inquest, his life had been made completely unbearable by his fellow-workers in the

factory in which he worked. They always referred to him as the murderer and treated him as a complete outcast, unfit to associate with decent citizens. He had done everything in his power to remedy this state of affairs, but in vain. He had, at one time, thought of seeking the assistance of the police, but had been informed that they could do nothing. Eventually, he had conceived the idea of confessing to the murder so as to be sure of being tried on the capital charge. He would then plead Not Guilty and would be acquitted, in which case, if his fellow-workmen continued their persecution, he would have a remedy available in his own hands.

When the case had reached this point the judge intervened.

He informed the jury that the only evidence which the prosecution had been able to put forward was the "so-called" confession. The accused now declared that this was a false confession and had given his reasons for making it, and although he was admittedly a liar, he was being charged with murder and not with lying. They must therefore bring in a verdict of Not Guilty.

Mr. Garrotter thereupon left the dock with only a comparatively mild stain on his character.

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Let us now consider this case from another angle and assume for one moment that Mr. Garrotter was in fact guilty of the murder of Miss Rose Throttle. By so doing we shall not be doing any great violence to his memory.

As is well known, an unsolved murder is never finally abandoned until merciful time renders further investigation completely profitless. In the meanwhile, although it may seemingly lie dormant it is not forgotten.

Now if we assume—as in this case we are perhaps entitled to assume—that Mr. Garrotter had reason to believe that further evidence, connecting him with the crime, might possibly come to the attention of the police, his position might indeed become one of extreme danger.

If, however, in the meanwhile he had been tried for this murder and acquitted, he was absolutely safe for all time. Surely this was a method to make murder easy.

Anyhow, apparently Mr. Garrotter thought so, for finding himself, for some reason, obliged to commit a second murder, he tried the same technique a second time. This time, however, he put the authorities on their mettle, and their investigations proved so satisfactory and sufficient, that they were able to bring the crime home to him and in due course he was hanged.

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Having given to Mr. Garrotter not only his rights but also his deserts, we can leave aside all further consideration of criminal law, except to mention that there are one or two minor statutory exceptions to the general rule that the burden of proving guilt rests on the prosecution.

If, for instance, a man be found in possession of house-breaking implements by night, a special Statute throws upon him the burden of proving—if he can—that he carried them with lawful intent.

Few people will regard this particular exception as unreasonable or in any way weakening the general rule, but nevertheless there is a tendency nowadays to increase the number of exceptions, which is fraught with danger.

It will be noted that the rule does not apply to defendants in civil actions. A defendant cannot sit back and leave the plaintiff to prove beyond all reasonable doubt that he is in the right. Positive action in the nature of evidence is generally essential if a defendant is to win his case.

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To return to the classic case of *Bardell v. Pickwick*, it is important to observe that, apart from Mr. Samuel Weller, all Mr. Pickwick's friends entered the witness box without having given any serious thought to the weak points in the case.

This is precisely what most witnesses do today. They concentrate on the strong points of the case and leave the weak points to look after themselves, which, as Euclid said, is absurd. Thus do we see witnesses—including expert witnesses—collapsing under cross-examination, almost as completely as did Mr. Nathaniel Winkle.

All the Pickwickians—including Mr. Weller—had been subpoenaed by Messrs. Dodson & Fogg on behalf of the plaintiff, and therefore they appeared in the witness box otherwise than voluntarily. They were given ample time to consider the weak points in Mr. Pickwick's case, which constituted the main strength of Mrs. Bardell's case, and yet, apart from Mr. Weller, none of them did anything about it.

What should they have done, had they been blessed with even the smallest intelligence? Clearly, they should have rehearsed their respective roles, as though about to take part in some theatrical performance. In this manner—assuming they set about it in the correct way—they would have been armed with carefully thought-out answers to every question of an awkward nature that could have been put to them by counsel.

Such happy results, however, can never be accomplished unless the person, chosen to take the part of cross-examining counsel in the rehearsals, be intelligent, quick-witted, judicially-minded and fully conversant with all the facts of the case. If more than one such person can be found, so much the better, because the greater the concentration on the weak points of the case, the greater will be the chance of covering the entire field of difficult questions.

The procedure should be on the following lines:

- (1) A list of all the awkward questions that can be thought of should be prepared. Obviously, this list will be added to from time to time as and when further questions, following discussions on the case, suggest themselves.
- (2) The proposed answer to each question should be subjected to close examination and criticism to ensure that it is the best, the most concise and the clearest answer that can truthfully be given to the question.
- (3) The answer, after final approval, should be reduced to writing so that it could be committed to memory by the witness.
- (4) The witness should submit himself to constant cross-examination, so that after he has repeated the same answer to the same or to a similar question, sufficiently often, he eventually becomes word perfect.
- (5) As nobody can anticipate the exact words in which a question will be framed, the questioner—during rehearsals—should constantly vary the form of words used in putting the question. Thus will the witness gradually realise that the carefully prepared answer need not be altered merely because the question is put to him in a slightly unexpected form.
- (6) As, in practice, one question usually leads to others, so the questioner should make a point of asking numerous subsidiary questions, for which no answers have been prepared, so as to ensure that the witness deals intelligently with points of relatively minor importance.

A nervous or inexperienced witness under cross-examination often imagines that even the most straightforward question, to which, in normal circumstances, he would unhesitatingly give a perfectly straightforward answer, must necessarily conceal some hidden trap, and in consequence he endeavours to give a non-committal answer. This is largely due to the fact that he has not mastered the weak points of the case. Very often these wholly innocuous questions are put to a witness with the very object of getting an answer suggesting disingenuousness, so that doubt may be cast on his evidence as a whole.

One of the main objects of the "rehearsals" is to educate the witness to recognise questions to which he can and should give an unequivocal answer.



- (7) During "rehearsals" all reference to the strong points of the case should be studiously avoided.

What better individual could Mr. Pickwick's friends have chosen to play the part of cross-examining counsel, during the period of preparation, than Mr. Samuel Weller? No witness ever prepared himself more efficiently than did this gentleman for his duel with Sergeant Buzfuss.

Do not let it be supposed for one moment that we are advocating anything improper. We are not dealing with criminals or perjurers. We are merely attempting to protect honest men, and in particular professional accountants, from making fools of themselves in the witness box.

The carefully prepared answers to anticipated questions must, of course, represent the truth and nothing but the truth. All that is aimed at is to prevent truthful answers, given in reply to questions put by counsel, proving totally misleading, owing to an inability on the part of the witness so to frame his replies, on the spur of the moment, as to convey a correct meaning.

Mr. Winkle was a perfectly truthful witness, but he was nervous, and lacked experience in answering questions clearly and concisely. He was so scared of being accused of deviating a hair's breadth from the truth, that he gave the impression of dissembling, with the result that Mr. Skimpin, a bullying counsel, was able to give to his answers a meaning very different from that which was intended.

Had Mr. Winkle, during the weeks preceding the trial, taken an intensive course on "How to give evidence," under the expert guidance of Mr. Samuel Weller, the result might have been very different.

What can be wrong in attempting to rehearse the evidence which one expects to give in a Court of Justice? Does not every Member of Parliament carefully rehearse his or her maiden speech many times before delivering it, and do not all great orators rehearse all their really important utterances?

The only people who apparently regard serious preparation as beneath their dignity are the average "after dinner speaker" and the average witness. Would it be unfair to suggest that at least 60 per cent. of "after dinner speakers" resume their seats with much the same sense of shame as did Mr. Winkle after leaving the witness box?

With such examples before him, why should the average man suppose that he is competent to stand up to cross-examination at the hands of a skilful counsel without serious preparation? True, he has given his statement of evidence, and in his blindness he imagines that this will prove all-sufficient. He rarely stops to ask himself the question whether, if this same evidence were offered by someone representing the "other side," it would not be possible to find some weak spots in the arguments.

Women, on the whole, prove very poor witnesses. The rules of evidence are peculiarly repressive of feminine conversation, with the result that almost invariably they get angry in the witness box.

It will be remembered that Mrs. Cluppins, the first witness called by Sergeant Buzfuss, "having once broken the ice, thought it a favourable opportunity for entering into a short dissertation on her own domestic affairs." The result was that—without further parley—she was politely but promptly taken out of Court.

Opinions expressed by professional witnesses are often regarded with some little suspicion and one learned Judge even went so far as to remark that "the value of all testimony is determined by a paradox; for that which costs much is worth little, while that given freely is without price."

One is reminded of the lady who claimed to be an expert witness and who demanded to be paid a fee before giving her evidence. After some discussion her claim was conceded and she duly entered the witness box. It then transpired that she had very little evidence of any sort to offer, and the learned Judge, turning to her, inquired whether she did not think her evidence was rather

expensive. Yes, replied the lady, I always was called "a little dear"!

Two important lessons can be drawn from what has been said, namely:

- (1) Never seek to give evidence unnecessarily.
- (2) Never enter the witness box unprepared.

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We now turn to an aspect of our subject which is of importance to the accountancy profession generally, but to which, in our opinion, insufficient attention has so far been given.

Practising accountants are asked, from time to time, to give expert evidence either for or against a brother practising accountant, who is charged with negligence or who finds himself in some other form of trouble.

In such circumstances, what is the duty of the practising accountant, who is asked to give evidence, and to what extent should professional etiquette influence him?

Obviously, if he is called upon to make an investigation and to report on his findings, he must state the facts fearlessly, no matter what the effect of his evidence may be; but even so, he should avoid going out of his way to paint a needlessly black picture. Facts can be relied upon to speak for themselves, and to appear vindictive is always ungentlemanly.

Cases may arise involving unprofessional conduct, detrimental to the interests of the profession, when it may well be the duty of practising accountants to give evidence against the offender; or the case may involve a matter of principle upon which, unhappily, a divergence of opinion may exist. Such cases are fortunately very rare and need not be considered. What we are chiefly concerned with are those cases where a practising accountant finds himself in some form of trouble, not, however, involving any disgraceful conduct on his part. We are also confining our observations to those practising accountants who are in no way directly concerned with the case and who are therefore entirely free to decide whether or not they will give evidence either for or against their fellow practising accountant.

There is one golden rule which, in these circumstances, should, in our opinion, always be observed and which should be recognised as absolutely sacrosanct by every member of the profession.

No money should be accepted for giving evidence either for or against a brother practising accountant.

If a practising accountant feels that it is his duty to give evidence against another practising accountant, well and good. Let it, in very truth, be a duty which is both painful and unprofitable.

If he demands or accepts a fee for giving evidence he lays himself open to the charge of confusing the parlous condition of his banking account with his duty as a citizen.

We would add two riders to the golden rule which we have enunciated:

- (1) Never give evidence against a brother practising accountant without good cause.
- (2) Never give evidence for a brother practising accountant unless you are convinced you can afford him some real assistance.

It has often happened that an expert witness for the defence has proved himself, under cross-examination, to be a very powerful witness for the other side. He has found himself forced to support claims made by the plaintiff, and, being an unwilling witness to these truths, great weight is naturally and rightly attached to them.

Thus it is often necessary to be cruel to be kind.

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In the past, the golden rule was not always observed, and in consequence, it was no very uncommon spectacle to observe

accountant following accountant into the witness box, to give evidence against some unfortunate brother accountant accused of negligence.

It even happened on one occasion that two partners in a firm of practising accountants, quite unknown to one another, had agreed to give evidence in a case of this nature, the one for the plaintiff at an agreed fee, and the other for the defendant, without charge. Each was asked in the witness box regarding the practice of his firm in a certain connection. The one declared that it supported the views held by the plaintiff and the other, those of the defendant.

The case of *Chas. Fox & Sons v. Morrish Grant & Co. (Chartered Accountants)* (1918, 59 Acct.L.R., 29) is an example of an action, the result of which was greatly influenced by expert evidence given by practising accountants, three or four of whom appeared in support of the plaintiff and a like number in support of the defence.

The defendants were employed to check the clerical accuracy of a set of books and then to prepare a trial balance, profit and loss account and balance sheet. There was no suggestion, however, that they were to undertake an audit. This was freely admitted on both sides.

Amongst other items on the asset side of the balance sheet was an item described as "Cash at bank." This in fact represented the balance as shown by the cash book, but as it afterwards transpired, the money was not at the bank owing to a defalcation.

The question at issue was whether the accountants—bearing in mind the terms of their contract of employment—should have gone behind the books of account to verify the existence of this asset.

The Court, supporting the views of the practising accountants appearing for the plaintiff, and rejecting the contrary views expressed by those appearing for the defendant, held that, as the balance sheet stated that the cash was at the bank, there was an implied duty imposed on the accountants who prepared the balance sheet to see that the asset actually existed.

One of the practising accountants appearing for the defendants

suggested that if the existence of the cash should be verified, it was a little difficult to see why a similar duty should not be imposed on the accountants in respect of the bills receivable. In such circumstances, how much further would their duty extend? Were they really under an obligation to perform, at any rate in part, an audit, when they were neither employed nor paid for so doing?

To the disappointment of all those practising accountants who appeared for the defendants, the case was not taken to the Court of Appeal.

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There are doubtless many people who will deny the suggestion that a truthful witness requires any preparation before entering the witness box. They may even argue that our views on this matter are not only fundamentally unsound and immoral, but also liable to pervert the true course of justice.

All we can add to what has already been said is that nothing can be done properly without careful preparation.

It is not enough to be a truthful witness, one should aim at being a convincing witness.

As to the expert witness, we have already indicated that his evidence is often suspect from the very start. If he doubts the truth of this statement, the following quotation from Judge Pitt Taylor's monumental work, *A Treatise on the Law of Evidence*, may help to convince him.

The testimony of skilled witnesses is perhaps that which least deserves credit with a jury. These usually speak to opinions and not to facts and it is often really surprising to see the facility and extent to which views can be made to coincide with wishes or interests. Skilled witnesses do not, indeed, wilfully misrepresent what they think, but their judgments have often become so warped by regarding the subject from only one point of view, that they are in truth not capable of forming an independent opinion even when they would conscientiously wish to do so. Being zealous partisans, their belief becomes synonymous with the Apostle's definition of faith: "The substance of things hoped for, the evidence of things not seen."

# The Sixth International Congress on Accounting

## The Technical Sessions—II\*

### THE ACCOUNTANT IN INDUSTRY

NEXT MORNING, JUNE 18, THE THIRD TECHNICAL SESSION CONSIDERED *The Accountant in Industry*. The subject was introduced in papers by **F. R. M. de Paula** (*Institute of Chartered Accountants in England and Wales*), and **W. S. Risk** (*Institute of Cost and Works Accountants, Great Britain*).

Mr. de Paula traced the historical development of the accountant's functions. In the nineteenth century emphasis was largely on liquidations and receiverships. But successive Companies Acts enhanced the importance of auditing, while the heavy burden of taxation since World War I led business men to call on account-

ants to help with their tax assessments. Armament programmes introduced costing as a new field of specialisation, subsequently expanded into management accounting.

At the present time the over-all demands on the accountancy profession had risen greatly. At the same time there was an acute demand from industry and commerce for accountants expert in the modern management accounting techniques. There was no assurance of an adequate supply of accountants to meet the needs both of general practice and of industry and commerce.

The outlook of the accountant in industry was fundamentally different from that of the auditor. The accounts for last year, like a ship's log, were a valuable record. But modern management required forecasts of the course ahead, and immediate reports of any variances, with explanations of their causes. Only thus could action be taken before it was too late to bring the industrial ship back on to the correct course.

\* In our July issue, pages 230-4, we summarised the papers at the first two sessions, on *Fluctuating Price Levels in Relation to Accounts and Accounting Requirements for Issues of Capital*. The fifth session, *The Incidence of Taxation*, will be reported next month.



In a large group of companies with world-wide ramifications, delegation of responsibility was essential. If every local action were cabled to headquarters the organisation would be choked. Top management must receive only important information and that which needed action.

The setting up of budgetary control required the co-operation of all sections of the business: their estimates would be fitted together by the chief accountant or comptroller. The question arose whether accountants intending to enter industry should have a training in management accounting, which was interlocked with the new world of engineering.

The comptroller should lay down principles of preparation and forms of presentation for all accounts, costs, and statistics throughout the organisation, but the accountants of divisions and subsidiaries must report to the appropriate division or company executive.

Production standards must be sent in terms of time and of money. Management must be prepared to demonstrate that they are reasonable, and the system must be understood at all levels down to foremen and chargehands.

Industry in this country was awakening to the vital importance of modern systems of control. The report on *Management Accounting* issued by the Anglo-American Council on Productivity should be widely studied.

The accountancy profession had not yet made up its mind on whether management accounting represented a new specialised technique within the field of accounting, or whether it was within the field of engineering. Other unanswered questions related to training and research in management accounting.

Mr. de Paula concluded that there was a challenge to accountants to help this movement and thus increase their services to the community.

**W. S. Risk** considered that the function of the accountant in industry was (1) executive—the recording of transactions; and (2) information, expressing to management the plan and the digressions from it.

The accountant must supply information to a variety of interests: (a) the State—in connection with taxation; on Government contracts; and within nationalised industries; (b) owners or shareholders; (c) management; (d) employees; (e) debtors and creditors; (f) trade associations; (g) trade unions; (h) internal auditors.

The ultimate usefulness of the accountant depended largely on his ability to provide intelligent forecasts—facts and reasoned deductions based upon figures, rather than the figures themselves. He must have a sense of urgency and must persistently seek ways of reducing costs. His role was advisory, but he must look at problems in the same way as management.

Information was worth only the benefit obtained from the action taken on it. The ultimate object of all the accountant's work was action by those whose job it was to make decisions and carry them out. Reports must therefore be presented in such a way as to interest and be understood by management. Routine reports should be as simple and as few as possible; they were less important than quality and speed in special *ad hoc* reports.

The training of an industrial accountant in Great Britain could follow one of two main courses. He could qualify as a member of one of the professional bodies, in which case his experience would be almost confined to professional work; or he could enter industry at an early age, and take the examinations of the Institute of Cost and Works Accountants.

In the hope of stimulating discussion, Mr. Risk put forward his views that the industrial accountant had in the past failed fully to satisfy the needs of management; that he must devote more attention to interpretation of figures and to business forecasts, and should have a working knowledge of management and technical

problems; and that "integration" of accounts must lead eventually to the "integration" of accountants.

**Clinton W. Bennett** (*National Association of Cost Accountants, U.S.A.*), speaking of the general accounting and industrial accounting information needed by executives, said that the need of the medium-sized and small American business was greater than that of the giants, with which the small business could only compete by being more efficient.

The stature of the chief accountant in industry must be commensurate with the importance of his job. As a member of the management team he was subordinate to the chief executive of his company. Yet he was a professional man, just as much as his brother in public practice, and as such had responsibilities to third parties who might rely on his accounting reports. Theoretically, a good case could be made for his reporting direct to the board of directors, but as a practical matter of good organisation the chief executive must have complete responsibility. If a conflict arose on a matter of principle the accountant must, if necessary, resign.

**A. A. Fitzgerald** (*Commonwealth Institute of Accountants, Australia*) observed that industrial accounting was not yet as fully used in Australia as in the U.S.A., the United Kingdom or Canada. Progress was being made, but there remained some uncertainty about the scope of the accountant's responsibility and his relations with management. Industrial units were generally small: the most refractory problem was how to adapt accounting control methods to meet their needs economically.

**H. Hjerno Jeppesen** (*Foreningen af Statsautoriserede Revisorer, Denmark*) said that Denmark had 400 qualified accountants, of whom 90 per cent. were in practice or employed by professional firms. An increasing number of newly qualified accountants, however, sought employment in industry, and many of those partially qualified had done so without waiting to complete the ten years normally required to obtain the certificate.

For the smaller business, budgets and costing work were carried out by firms of practising accountants.

**George Moller** (*Society of Industrial and Cost Accountants of Canada*) claimed that the chief work of that body had been in the realm of education: courses for its examinations were provided in co-operation with the universities.

The industrial accountant must produce figures speedily, and should on his own initiative disseminate to other departments information likely to be useful to them. He must be able to forecast, and to answer the question "What will be the effect of doing so-and-so?" The spread of mechanisation meant that the book-keeping clerk would be more and more a machine operator, and the accountant a designer and planner and an active creative member of the management team.

**A. Payrau** (*Compagnie Nationale des Experts Comptables, France*) spoke of the recording and management functions of the accountant and his status in the industrial enterprise. He must be "the most profit-minded man in the whole organisation." He should have a university education and specialised study in industrial control and management. The case method should be used to teach him to make and carry out decisions.

Monetary devaluations, enemy occupation, and political and fiscal interference had hindered the application of standard costs and budgets in France. But there was a new trend based on the need to increase productivity, and the professional bodies could now face the major problems of management accounting.

#### SUMMARY OF THE RAPPORTEUR

**N. R. Mody** (*The Institute of Chartered Accountants in India*), the rapporteur, gave as his report the following:

Mr. de Paula's paper refers to the development of the profession

in the United Kingdom from the last half of the nineteenth century, through the expansion of industry and of commerce and the conversion of partnerships into companies under the Companies Acts. The objects of the Charter of the Institute of Chartered Accountants in England and Wales focus attention on the work of liquidations and receiverships, and audit work is taken as the last objective. With the growth in the number and size of companies, industry and commerce, however, increasingly relied on accountants for their book-keeping, and it was to the professional accountant that they turned not only to audit their accounts but to prepare them. The increase in the rate of income tax during World War I led to further engagement of the services of public accountants. With a low rate of tax the average businessman dealt with his own income tax, as his tax formed a low percentage of his earnings, but the increase in the rate between the wars and the steep rise during and since World War II, coupled with the complicated nature of taxing legislation, led him to seek expert advice. Finally, costing, which assumed importance between the wars, and particularly during the last war, led to added responsibilities for the accountant.

From all this developed a further field of activity which has greatly expanded today and is assuming increasing importance, the technique of what is now known as management accounting. The increasing responsibilities shouldered by accountants are leading to more of their number being drawn by industry and commerce to perform functions on a whole-time basis, which were formerly carried out by professional accountants. Thus came into being a demand for specialised accountants to supply the needs of industry and commerce, with an outlook different from that of the accountant in industry of the early days, as well as that of the accountant in practice. Mr. de Paula has given an analogy of a ship's log which, as he puts it, records the happenings of a voyage; from which valuable lessons can be learnt and used by the captain of the ship. But in addition he requires his navigating officer to chart his course ahead and to report whether the ship is on its predetermined course. Similarly, management must know whether the industrial ship is on or off its course, so that prompt remedial action may be taken to prevent her from going on the rocks.

Planning ahead is the essence of management accounting today. Without this, management is not in a position to chart its course of future operations and activities. It is essential, therefore, that information must not only be readily and quickly available but also that it must be unaccompanied by an unnecessary mass of details. How the information reaches management is a matter of organisational set-up, but the ideal to be achieved is centralised control with decentralisation of responsibility along the line. Unless this is achieved, the top command is bound to be clogged with details, and will be prevented from taking action on matters of vital importance.

All the papers are unanimous in this aspect of forward planning by means of standard cost and budgetary control. This involves the laying down of yardsticks under given conditions and the measurement of actual achievement thereagainst. Mr. Payrau has expressed it very simply by stating that using a standard is giving up the question "How much did it cost?" as a unit of measurement, and replacing it by "How much should it cost?" The standard must be so fixed that management must be able to prove that the standard can be worked and that it is not based on hypothesis. The setting-up of such a system requires the co-operation of all departments—engineering, technical, procurement, sales, etc., and the comptroller comes into the picture to fit in, in a financial form, the details supplied by the various departments. It is he who interprets in one complete picture the information separately supplied to him.

It is agreed generally that in setting up budgetary control and standard cost, the co-operation of every department is essential. Otherwise, the standards set may not have relationship to achieve-

ments and the result may be a general distrust of the whole system.

Mr. de Paula's paper outlines in detail the organisational set-up and the part the comptroller plays in it. Briefly, he states—and on this point there is unanimity among the papers—that the finance division must be on equality with the other departments to represent finance at top policy-making level and to give clear expression and advice on financial implications. The finance division would be responsible for finance, costing, accounting, production of periodical reports and annual accounts. Mr. de Paula has given the example of the comptroller of a holding company with ramifications throughout the world. He would be generally responsible for basic principles on which all accounts, cost reports, statistics, etc., should be prepared throughout the whole group, and would lay down the form of presentation of statements for submission to headquarters. The accountant in the divisions and subsidiary companies would report through his chief executive to the comptroller of the holding company. There should be attached to the accounts of each subsidiary a standard questionnaire in a form drawn up by the comptroller, to be completed and certified by the chief accountant of each subsidiary.

The paper submitted by Mr. Risk has concentrated on the functions of the accountant in industry and his utility to the management in general. He has divided the functions of the accountant into two parts—the executive function and the informative function. Under the executive function is included responsibility for financial and cost accounting, machine accounting, wages control and the operation of agreements arrived at with labour, such as incentive wages, employee's services in the shape of disbursements for sickness, savings and pension funds and other facilities, and a knowledge of company law and labour legislation. The informative function deals mainly with the planning aspect of the accountant's duties and a comparison of the plan with actuals.

Mr. Risk has drawn attention to the variety of interests for which the accountant supplies information, and under the main headings may be mentioned the State, the owners of the business, the management and the employees. All these relate to the accountant's functions in providing information on past activities, but, based on the records of the past, forecasts are required by management for the future.

In order to be able to discharge his duties it is essential for the accountant to have sufficient authority and for his status to be in line with those of higher management. Once the forecasts have been made and the standards laid down and budgeted for, it is the accountant's duty to provide facts and figures for the management which tell what has happened and whether the planning has been effective. For the purpose of bringing out variations from a set standard, the accountant should submit his report in concise form—a report understood by those sitting round the table who may not be equally conversant with accounts—and should supplement it where necessary by a verbal report at the appropriate meeting. An intelligent appreciation of the variations will enable action to be taken to remedy divergences from the plan laid down. Mr. Risk has suggested the classification of expenditure so that the headings required for financial purposes are the natural groupings of the more detailed classifications required for cost ascertainment and control. He has illustrated how variations from the budget can be shown up and the type of information required to provide the means of control, by setting up "plan" and "control" for each department.

The presentation of the report for cost ascertainment and cost control, with action as its objective, must be such as to convince management. The figures and the reports must not only be understandable and alive, but they must also be selective, simple and short.

In commenting on the needs of the industrial executive for a general accounting plan and an industrial accounting plan, Mr.



Clinton Bennett points out that, for successful competition with the giants in industry, information is needed as much by the medium and small American enterprises as by the so-called big business. It should be admitted that the size of a business is relative to each country, and what is medium size for the U.S.A. may be a large size business for another country; but it is interesting to note that, in the relative context of size in U.S.A., the medium and small enterprises are interested in the services of the industrial accountant. The large membership of the National Association of Cost Accountants is a pointer to the development of industrial accounting and the use made by industry of the services of such accountants. Mr. Bennett has rightly pointed out that standard cost reflects the cost of producing a specific article at a given level of output and under an assumed set of circumstances that are expected to prevail. Variations from these circumstances will obviously upset the forward planning, and it is the task of the industrial accountant to spotlight these variations. Management must have a monthly statement of accounts in order to follow the cost control programme, and for this purpose it is suggested that the cost of sales should not be obtained by the laborious process of taking an inventory of the stock at the end of the month or the given period, but by taking the cost of sales by using standard cost. The obvious purpose of this statement is to compare predetermined costs with actuals. It is generally accepted in the United States that the industrial accountant is considered part of the management team, made responsible directly to the president of the company, who, as the chief executive, is responsible to the Board for carrying out the policy laid down by it.

The work of the industrial accountant in Australia, although not as fully developed as in the United Kingdom or on the North American Continent, is assuming importance with the increase in industrialisation. Mr. Fitzgerald states that in Australia industrial units are mostly small-scale, and that is the reason attributed for industrial accounting not being as fully developed as in some other countries. Nevertheless, development appears to be proceeding steadily when one considers that the total membership of the five major institutes in Australia exceeds 18,000 for a country with a population of only 8½ millions. However, it appears that the industrial accountant in Australia has not reached the same status, and although there are instances of accountants having reached managerial status, they are there more by virtue of managerial ability coupled with a knowledge of accounting rather than of accounting ability coupled with managerial qualities.

As stated above, small scale units predominate, and there is neither the opportunity for the full use of accounting services nor the possibility of obtaining such services at a reasonable cost. A further handicap is that in such units the managers are generally unaware of the uses to which accounting can be put. Finally, Mr. Fitzgerald has suggested that there is lack of unity of purpose between public accountants and accountants in industry, and as a consequence general accounting and cost accounting have come to be looked upon as separate and unrelated in study as well as in practice. Another factor is that convention has played a strong influence in both branches of the profession, and there is a noticeable disinclination on the part of public accountants to change methods and forms which have been in use for a long time. On the other hand, cost accounting systems which have been installed have been over-elaborate, costly to operate, and productive of little information.

In Canada, as Mr. Moller has pointed out, the leading accountants in industry came largely from the ranks of public accountants. The industrial accountants in Canada have organised themselves into a body under the Society of Industrial and Cost Accountants of Canada. The society, in co-operation with the universities, has organised courses of practical and theoretical training and instruction based upon a standard syllabus; and uniform nation-wide examinations are held every year. Since accountants in industry

are largely interested in cost determination, they have developed cost accounting as their special field. Publications, bulletins, annual reproduction of the proceedings of cost conferences and various literature have contributed to the advancement of the training of the accountant in industry in North America.

Mr. Moller points out that the accounting department is a service department and, therefore, cannot limit its activities merely to auditing functions, but should at all times be prepared to disseminate information on its own initiative to other departments. This will often avoid the setting up of statistical records within the organisation where the information should come from one centralised office, namely, the accounting department. The accountant in industry has also the task of educating all members of the management team in financial matters, and when he succeeds in convincing every member of the organisation of the necessity for accurate recording, then only he can hope to achieve the aim of an accountant, which is not only reporting of the past, but also ascertaining the present and intelligently forecasting the future. The accountant in industry no longer merely records financial happenings as they take place, and although facts must be accurately recorded, he must analyse them to determine the future. He has the tools at his disposal from which he can tell the management not only "How have we done up to now?" but also "How will we do in the future?" He must devise means of showing the management the level of estimated profits without waiting for the books to be closed. The top management is where policy is forged and the comptroller is one of the links in this team; it is only by his participation that others can take policy decisions affecting the financial position or, perhaps, the very existence of a company.

Mr. Moller has drawn pointed attention to one aspect that, whereas financial accounting is based on convention, practice and legal aspects affecting each country, such as the Companies Act, 1948, there is a lack of uniformity in the presentation of cost accounting reports. It is hoped that some common approach can be made by statements on cost accounting procedure, similar to the research bulletins of the Committee of Accounting Procedure and the statements of the Committee on Auditing Procedure of the American Institute of Accountants.

Mr. Payrau has stated that the accountant's function is dual—on the one hand, as "management of the accounting function" and on the other hand, as "accounting for the management function." It is only in the last few years that the accountant in industry has come into his own in France, and this is largely due to industrial expansion, complexity of modern industry, and attempted centralisation of authority, coupled with the growth of the personality of the accountant with college or university education including a sound law and tax background.

The position in Denmark appears to be different from that prevailing in other countries from which papers have been submitted. Mr. Jeppesen states that there are only 400 chartered accountants in Denmark, and 90 per cent. of them are in professional practice or employed as assistants in practising firms. The external accountant is called upon to perform functions not only in connection with the auditing of accounts, but also to report to the Board on internal functions. He is responsible for interpretation of results and for bringing out features pertinent from the management point of view, but it would appear that these functions are largely historical in character. Although large industrial companies do employ accountants to guide their financial policies by the preparation of budgets and standard costs, in view of the restricted nature of industrialisation in Denmark this aspect of the work has not developed to as great an extent as in the United Kingdom or the United States of America. There are very few chartered accountants in Denmark permanently attached to one company and, therefore, reliance is placed more on the accountant in practice.

The question of education has been dealt with in some of the papers, and it is admitted that limited facilities exist for practical and theoretical training. Even so, with the growing importance of the industrial accountant, this matter is engaging more and more attention. The Institute of Cost and Works Accountants in England has taken a significant step in the proposed establishment of the fellowship grade for qualification as management accountant. Up to now, the accountant in industry is being drawn largely from one of the professional bodies where he serves articles, and his experience is limited almost entirely to professional work; he may enter industry at a very early age and, simultaneously with practical experience, qualify for the examination of the Institute of Cost and Works Accountants. The accountant who qualifies in a public accountant's office and thereafter takes an appointment in industry has little knowledge of, or experience in, many of the functions which have been referred to in the papers. However, the broad outlook and the high standard of training obtained by him, coupled with practical experience, may lead the right man to be an effective member of the management team. In the field of education, as far as industrial accountants are concerned, it would appear that more facilities exist in the United States and Canada than in other countries. The real problem is not to increase the number of accountants but to secure those of the right type.

## THE ACCOUNTANT IN PRACTICE AND IN PUBLIC SERVICE

AT THE FOURTH SESSION, IN THE AFTERNOON OF JUNE 18, THE main papers were by **A. H. Marshall** (*The Institute of Municipal Treasurers and Accountants, Great Britain*) on "The Accountant in the Public Service," and **G. F. Saunders** (*Institute of Chartered Accountants in England and Wales*) on "The Accountant in Practice."

Dr. Marshall defined an "accountant in the public service" in Britain as a full-time employee of one of the three main types of public authority—(a) the central government, (b) local authorities, and (c) public boards or corporations—mostly creations of the present decade to operate nationalised industries.

The central government had some trading activities, but in the main it was concerned with raising money by taxation and disbursing it on objects specifically authorised by Parliament. The "accountability" or stewardship aspect of the transactions was stressed, and book-keeping was on a cash basis—supplemented for trading departments only by trading, manufacturing and profit and loss accounts and balance sheets.

Local authorities modelled their accounts as nearly as possible on those of trading concerns, although in many respects they resembled the central government.

The public boards were usually enjoined in their governing statutes to produce accounts according to the best commercial practice.

Government Departments usually recruited their accounting staff from the general pool of civil servants and trained them in their specialised accountancy technique. Some of them were able to satisfy the requirements for admission to the examinations and to membership of the Society of Incorporated Accountants: at the end of 1950 the Society had 318 members in central government service. Professionally trained accountants were recruited to special grades for duties in connection with contract charges, price controls, suspected tax evasion and the accounts of trading departments.

The Crick Committee on the form of Government accounts,

which reported in 1950, recommended a few appointments at high level of qualified accountants with outside experience to guide Departments in the general organisation of accountancy work and to ensure that their accounts were of maximum use to the Government and to economists.

Local government accountants had their own association—the Institute of Municipal Treasurers and Accountants. The Institute required candidates to have knowledge of commercial practice; and many local authority accountants also qualified as Incorporated Accountants. These facts accounted for the relatively complete final accounts and for the importance attached to them by the local authorities. The Institute co-operated with other professional bodies in research.

The public boards were at present staffed mainly by personnel taken over from their predecessors—commercial undertakings or local authority gas and electricity departments.

In all these types of authority, accountancy was closely integrated at the top level with financial control. The chief accountant was also financial adviser and was consulted at an early stage in the consideration of new projects. Public authorities had well-established practices of "management accountancy" and budgeting, but had still much to learn from the more flexible budgetary control of industry.

Practising accountants had more independence and more variety in their work. Accountants in public service were subject to traditional restraints but had administrative opportunities and the interest of large-scale and complex problems. Remuneration of the higher posts in public service was less than the earnings of a principal in a large firm, but salaries paid to subordinates were higher and pensions were universal.

The growth of the public authorities must affect the outlook of the accounting profession. There was a danger that it might split into a number of specialist interests. The essential unity of all accounting work must be kept in view; accounts kept by specialised accountants who were out of touch with the profession generally were likely to be second-rate. There must be broad initial training, and those in public service needed training also in their specialised techniques and in administration. Movement of personnel between public authorities and private practice should be facilitated, and there must be continuous exchange of experience in the professional journals and by conferences and discussions.

Accountancy in the public services had yet to solve absorbing problems of accountancy and costing and the measurement of efficiency.

**G. F. Saunders** (*Institute of Chartered Accountants in England and Wales*) started his paper on "The Accountant in Practice" with some historical notes and graphs of the membership of the sponsoring bodies, showing that a growing proportion of members was not in practice.

The essential characteristic of the accountant in practice was his independence. He must also have sound judgment, being naturally cautious but able to take the initiative when required. As auditor, he must certify only from his own first-hand evidence and knowledge.

Accountants were often appointed as directors of companies, and as executors and trustees. They were required to certify profits for prospectus purposes, to deal with problems of taxation, to serve on government and trade committees, and to advise on management accounting.

In his relation to his profession, the practising accountant was strengthened in his independence by the code of etiquette maintained by his professional body. Specialisation was increasing, and there was increasing consultation by practitioners of larger firms able to give specialised advice on particular points.

Research committees had the function of improving the standard of accounting and considering the fresh problems resulting from



economic changes. Theory must not be divorced from practice, and accountancy faculties at universities must be kept in close touch with accountants in practice and in industry.

To start practice needed capital, and it was impossible to set aside during the period of practice enough for an adequate pension. Mr. Saunders thought the best solution was for a retiring partner to receive a pension from the continuing partners, who would obtain tax relief on their payments. This avoided the difficulty of an incoming partner having to find a substantial sum for goodwill in addition to a capital payment to the retiring partner.

The future accountant should not leave school too early, and a university education was well worth while. It was the duty of the principal to train his articled clerk and to provide variety of experience.

The English Institute had power to allow an articled clerk to spend up to six months in the office of an industrial company. Few requests had been received, but the practice was increasing.

To avoid undesirable interruptions of practical training, Mr. Saunders favoured the present system of postal tuition for the examinations, balanced by the meetings and short residential courses provided by students' societies.

The accountant was regarded by the public as a man of high moral principles, who could be relied upon not only for accuracy but also for sound judgment. There was close harmony with the legal profession. Economists were apt to regard accountants as the repository of information which might be of much use to them: but it must be remembered that the practising accountant's knowledge was the secret of his client.

The accountant should try to make published accounts more intelligible to shareholders and to be consistent in the use of words and phrases. In particular, his certificate must be clear and it was necessary to appreciate that accounts certified for one purpose might be used for another.

If the practising accountant was consulted throughout the year, he could be a constant adviser, keeping his client abreast of developments which might affect his business.

**T. Coleman Andrews** (*Virginia Society of Public Accountants, U.S.A.*) explained that in the United States accounting practice was regulated by the government of each State, which in general conferred the designation Certified Public Accountant on those qualified by examination. A uniform examination was prepared by the examiners of the American Institute of Accountants. Each State had its own professional body, independent of the American Institute, although the latter as the national body took the lead in such matters as research, formulation of accounting and auditing procedures, and relations with the public and with other professions.

There was a considerable shortage of trained accountants, in spite of the very large numbers who had entered business and accounting schools since World War II. The phenomenal growth of the profession was due to the extension of industrial activity since the turn of the century.

The bulk of the work of practising accountants was auditing. Other activities were tax practice, installation or revision of accounting systems, and—to an increasing extent—advice on business finance.

The profession had long been confronted with the problem of defining accounting practice. Lawyers often complained that accountants were invading their province: Mr. Andrews felt that lawyers frequently invaded that of the accountants, and if the problem could not be solved by regulation it should be the subject of legislation.

Another question was whether C.P.A. certificates should be issued to those who did not intend to follow public accounting as a career. Mr. Andrews considered that there should be no requirement of experience before admission to the examination,

but that the C.P.A. certificate should be withheld until the candidate had completed three or five years' experience in the profession.

**A. P. C. D'Aca Castel-Branco** (*Sociedade Portuguesa de Contabilidade*) spoke of the need for an independent audit as a protection to shareholders. A Portuguese draft law on companies proposed the formation of a professional body to be known as the "Council of Auditors of Limited Companies," the members of which must have qualifications as prescribed in a schedule. Meanwhile, Portuguese accountants had gradually brought about improvements in accounting procedures.

Public accounts in Portugal were the responsibility of a General Directorate under the Ministry of Finance. They were based on the budget, and double entry was not used except for trading activities. Public accounts were audited by the Inspectorate-General of Finance, which also examined the activities of companies and firms regarding increases of capital and other matters.

**Professor W. A. Fairbairn** (*Natal Society of Accountants*) traced the growth of the profession in South Africa. Accountants were registered under the Public Accountants and Auditors Act, 1951. The four South African Societies and the Southern Rhodesian Society had cordial relations with overseas bodies, particularly with the Society of Incorporated Accountants, which had three branches in South Africa. The profession held a high position, and there was scope for great expansion.

**C. L. King** (*Canadian Institute of Chartered Accountants*) said accountancy was now regulated by statute in Quebec, Ontario and Prince Edward Island. The profession developed separately within each of the ten provinces, but the Canadian Institute was incorporated in 1902, and the provincial Institutes of Chartered Accountants established uniform examinations in 1939.

There was a shortage of suitable student applicants today, and the Canadian Institute was investigating the reasons.

The Committee on Accounting and Auditing Research dealt with topical problems arising out of current practice or from changes in the law.

Future prospects were encouraging and there was a trend to greater specialisation.

**Sven-Hakan Leffler** (*Föreningen Auktoriserade Revisorer, Sweden*) observed that Swedish accountants were authorised by the chambers of commerce. Candidates must have passed an examination after a four years' course at a university of commerce, and must have five years' professional experience. There was a Society of Authorised Public Accountants, which had a strict code of ethics; but membership was optional, and all authorised public accountants were subject to control and discipline by the chambers of commerce. The larger companies were compelled to have their accounts audited by authorised public accountants or approved accountants.

Government accounts were audited by a civil service department, and the major towns often had their own auditing departments. Other cities, and publicly-owned corporations, had audits by authorised public accountants.

**B. W. Raby and A. F. J. Sears** (*Federación Nacional de Contadores, Bolivia*) spoke of the complex system of taxes in Bolivia, under which the price of a railway ticket might include several taxes to be paid to different authorities. Internal Revenue officers in the chief towns had accountants authorised to inspect the accounts of commercial concerns.

The Comptroller-General, a Cabinet Minister with wide powers, employed accountants from time to time to audit the accounts of other entities handling public funds.

The profession of accountancy was still in an undeveloped stage with no system of practical training. Firms of professional accountants were hardly known. There were, however, two professional bodies which were working to improve the status of accountancy.

The rapporteur, **Professor A. M. Van Rietschoten** (*Nederlands Instituut van Accountants, Holland*), reported as follows:

On the above-mentioned subject papers have come in from colleagues in the following countries: South Africa, Bolivia, Great Britain, Canada, Portugal, Sweden and the United States of America. Only in one of these the accountant in public service has been dealt with in a way that enables me to draw a comparison with the situation elsewhere.

This is the reason why in this summary I can neither aim at a comparison between the parts played in the various countries by the accountant in public service and the development of his professional activities nor at a comparison between the professional development in practice and the one in public service. I shall therefore restrict myself to a few comments inspired by the papers referred to above.

In the English papers the circumstance has struck me that among the accountants in public service functionaries have been included whose role differs from that of the accountant in practice in such a degree as to make it worth drawing attention to. The very name of the professional organisation in which part of these colleagues have united (the Institute of Municipal Treasurers and Accountants) shows that one does not here think exclusively and primarily of functionaries who are charged with an auditing and advising function to the complete exclusion of any managing function. It seems that with the local authorities in other countries the accountant does not primarily exercise an auditing function either, at least that is what might be gathered from the information obtained from Sweden and Portugal.

In the case of the central government, mention is made of bodies especially charged with an auditing function without managerial activities. But it has not been made clear whether in those bodies the auditing element in the central government has been assembled categorically. The impression has been given that also with the controlling authorities important auditing functions have been put in the hands of functionaries who beside it are charged with managerial functions.

It might be a good thing to investigate in how far this organisation works satisfactorily, all the more so when we consider that mention is made—albeit with regard to local authorities—of the general occurrence of the following combination of functions: financial adviser, cashier, paymaster and internal auditor. According to the papers the characteristic difference between the accountant in practice and the accountant in public service is generally considered to lie in the independence of the former, which naturally cannot exist in the case of the latter. By the side of this I would think that the fact that the accountant in practice is not charged with any form of management, in contrast with (generally speaking) the accountant in public service, should be considered of equal importance. It will be interesting to hear what our colleagues who will deal with the accountant in industry will have to say about this matter.

In connection with this it appears to me that the custom developing in England of accountants in practice acting as company directors is open to grave question, especially insofar as it is correct that it is this very directorship which plays an important part in the income which the accountant in practice is able to earn.

Of special importance is the information from England about the management form of the nationalised industries, such as of late the coal mines and transport. Is the fact that the final accounts of the boards are audited by practising accountants due to legal regulations? The observation is made that those industries run by the Government present sharp differences with commercial enterprise, in the first place because there are no shareholders. This argument is beyond me. The number of persons

concerned in a Government industry is normally much larger than in a private business and I consider their interests to be the same.

Both the accountants in public service and those in practice express in the English papers that it is necessary for the various groups of colleagues to work together and that a disintegration into specialised groups would constitute a danger to the profession. Also in the case of the professional training a stand is made against the introduction of subjects directed towards specialisation.

I do not propose to go into the historical description of the origin, the development of the profession of the accountant in practice and the rules to which it is bound in various countries. Suffice it to say that everywhere there may be perceived a quick and still spreading growth of the need for the services rendered by this profession.

While the various papers agree in emphasising the auditing function I think that by the side of this and second in importance come the services with regard to taxes, which in the last ten years have been increasing enormously. Our American colleague reports on an agreement between Certified Public Accountants and Lawyers on a tentative statement as regards the division of work in the field of taxation.

I think a difference in accent may be concluded upon between the English and the American development as regards advice given to enterprises on the subject of effective management. Both reporters draw a comparison with the function of the physician, but whereas the American deals with conviction with the future development in this respect, the Englishman exhorts his colleagues not to be purely critical and negative in their advice.

I will just touch lightly on what our English colleague says about the intelligibility of the financial data, which the accountant is in the habit of judging. In particular I think that in this respect it is important to aim at accounts which can be understood by the uninitiated, because the problems with which business is faced will then be grasped in so much wider circles. With regard to this, special attention should be paid to the fundamental problem of the assessment of profit which will be discussed in another section of the Congress. Of the financial reports of the last few years it can certainly not be said that they have at all presented to the public in general a picture of the great difficulties which the sharp rise of prices has caused. It is to be feared that the difficulties which will presently proceed from great falls will not be expressed in very helpful terms either.

Meanwhile I also want to draw attention to what has been said by our colleague Mr. Saunders about the wording of the certificate. Does not the fact that Mr. Saunders points out the danger of the positive communication overshadowing the negative qualification point in the direction of a necessary reduction of the positive element in favour of the eventual negative communication which after all determines the certificate? Was not this, by the way, the customary procedure in England before the stipulations in the Companies Act caused the present wording of the certificate?

Characteristic of development is the still growing importance of the professional organisation. It plays the leading part in the training of future colleagues in that it organises the examination, though it is noteworthy that as a rule it takes no part in the training proper. Training has in America, Canada and England always, for a great—and possibly for the greatest—part been postal.

This might be one of the reasons for the development of university training and education which has qualitatively better means at its disposal. The disadvantage of the latter, however, consists of a lesser degree of practical experience in the preparatory stage in the fields of knowledge required for the practising of the profession. The American paper states circumstantially that the qualifications conferred should not exclusively be awarded after



the passing of an examination; with this it arrives at wishes which have for the greater part been met by the English institution of a period of articles. Moreover, the professional bodies more and more occupy themselves with research into technical problems and they promote the drawing up of reports, the conclusions of which are meant to constitute a guide for the practice of the profession.

At the same time a standard for professional conduct has been set up by the organisations and its observance is supervised by them.

A subject to which in my opinion more attention should be paid by the professional bodies is the threat to the future economical independence of the practising accountant. Is it not striking that problems of a material nature which threaten the future development should arise in a profession whose services are sought by society in an ever-increasing degree?

I have in mind the taxation of those persons who do not enjoy the tax privileges of a labour contract. An important element in

this is the impossibility of making material retirement provisions on a level similar to that enjoyed whilst still following the profession.

But even the building up of the capital necessary for the financing of a practice of any size represents a problem under the present circumstances which must be considered of importance for encouraging the young entry.

The increasing number of colleagues not in practice should not be entirely overlooked in this respect either. Our Canadian colleague has in enthusiastic words pointed out the importance of the profession in the part it plays in our way of life built upon the concept of freedom and the dignity of the individual, for which he rightly considers the permanent assurance of independence a *conditio sine qua non*. May his words make us realise that excessive taxation does not only prey upon the material side of our profession but that it is also a direct attack on the independence of our profession and all it stands for.

## The Apparent Authority of Directors

[CONTRIBUTED]

ONE OF THE BEST-KNOWN RULES IN company law is undoubtedly that laid down by the House of Lords in *Royal British Bank v. Turquand* (1856, 6 E. & B., 327) to the effect that an outsider dealing with a company, although he will be deemed to have knowledge of the contents of the company's memorandum and articles, need not concern himself with "the indoor management," that is, with such internal matters as the validity of directors' appointments, the validity of resolutions passed at Board or general meetings, and the like. The law imposes on the outsider the onus of discovering whether or not the particular transaction is inconsistent with the company's articles, and if that is done and no inconsistency is apparent the company will *prima facie* be bound by the transaction even though it has not in fact been authorised.

That this rule will only operate to protect an outsider who has discharged the onus of ascertaining the contents of the company's articles is shown by the

recent decision in *Rama Corp. v. Proved Tin and General Investments, Ltd.* (1952, 1 A.E.R., 554), which was reported and commented upon in our last issue (page 210). In this case the plaintiff company had, through one of its directors, entered into an agreement with a director of the defendant company, who purported to act on the company's behalf, whereby the plaintiff company was to subscribe to a fund to be used to finance the sales of a particular product. In pursuance of this agreement over £1,800 was paid by the plaintiffs to the director of the defendant company, part of which had been repaid by the director, the balance being claimed from the company in the action. One of the articles of the defendant company provided that the directors might delegate any of their powers, other than the power to borrow and make calls, to committees consisting of such of their number as they thought fit. But the judge found as a fact that in entering into the agreement the plaintiff company did not rely upon

that article, since the director acting for them was unaware not only of the contents of the other company's articles but even, until the very date of the agreement, of the other company's existence. In these circumstances he permitted the defendant company to show that they had given no authority to enter into the agreement, and held that they were therefore not liable.

In coming to this conclusion the judge had to choose between conflicting authorities. In *Houghton & Co. v. Nothard Lowe and Wills, Ltd.* (1927, 1 K.B. 246), where an agreement had been made between the plaintiffs and a director purporting to act on behalf of the defendant company, the agreement later being confirmed by the company's secretary, the Court of Appeal held that since neither the director nor the secretary had authority to act for the company in this respect and since the plaintiffs had no knowledge of the terms of the company's articles of association, the agreement was not binding. During the course of the argument, Sargent, L.J., stated that the doctrine of constructive notice, the doctrine that a person is deemed to have knowledge of facts which he would have discovered had he made reasonable inquiries, is not a positive doctrine but a negative one operating against a person who has not inquired. The plaintiffs were not, therefore, entitled to rely on "the

supposed exercise of a power which was not in fact exercised and of the existence of which they were in ignorance at the date when they contracted."

But the Court of Appeal came to the contrary conclusion in *British Thomson-Houston, Ltd. v. Federated European Bank, Ltd.* (1932, 2 K.B., 176), where there was again an agreement purporting to be made on behalf of a company, this time by its managing director. The court reiterated the rule in *Royal British Bank v. Turquand*, saying that where the persons dealing with a company find an officer of the company openly exercising an authority which the directors have power to confer upon him, they are relieved from the duty of further inquiry and are entitled to assume that the power has been regularly and duly conferred. The court distinguished *Houghton's* case on the ground that here the agreement (a guarantee) related to a matter normally entrusted to directors, and that the plaintiffs could assume that the managing director was acting on behalf of the board, whereas in the earlier case the agreement purported to be a pledge by the defendant company of certain future profits, a matter which would not normally fall within the ambit of the authority of a sole director.

In making this distinction, the court was applying a rule of the law of agency, namely, that a third party may rely on the "apparent or ostensible" authority of an agent provided that he has no knowledge of the real limits of the authority given by the principal. In other words, if the transaction in question is of a type normally within the powers of the class of agent with whom the third party is dealing, then the principal will be bound by the agreement in spite even of an express prohibition given by him to the agent against dealings of that sort, provided, of course, the third party is unaware of the prohibition. This principle was considered in *Kreditbank Cassel v. Schenkers, Ltd.* (1927, 1 K.B., 826), where the manager of the Manchester branch of the defendant company, though unauthorised, purported to draw bills on the company's behalf. When sued on the bills, the Court had to decide whether the manager's action fell within his ostensible or apparent authority, and came to the conclusion that it did not. As Atkin, L.J., said:

Wright, J., was in my view wrong, in the absence of evidence, in assuming that the manager of a branch business is a person who has ostensible authority to sign bills on behalf of his company. Much depends, of course, upon the evidence as to the nature of the business and the actual position occupied by the particular person. But in the absence of evidence I am not prepared to hold that the manager of a provincial branch, even if he is in such an important position as manager of the Manchester branch of a forwarding agency, has authority to draw bills to bind his company.

Each case must, therefore, be treated on its merits, but the relevant consideration for the present purpose is that the Court of Appeal in the *British Thomson-Houston* case kept distinct the apparent authority of a director as an agent of the company, and the authority which a director might exercise as a result of a delegation of power under the company's articles. The outsider, dealing with the director as such, can rely upon the apparent authority conferred by the general law of agency in spite of the fact that because he is unaware of the contents of the company's articles he is unable to take advantage of the rule in *Royal British Bank v. Turquand*. It is significant that in the *British Thomson-Houston* case the memorandum and articles of association of the company were not even submitted as evidence to the lower Court and the members of the Court of Appeal had to require evidence of their contents.

The distinction drawn above was accepted by Slade, J., in his recent judgment:

I think it is clear that Greer, L.J., in his judgment decides this case [the *British Thomson-Houston* case] on the footing that there was an actual holding out of Mr. Pal, the chairman, apart from the articles, i.e. the chairman was within his apparent authority as chairman.

To this extent the decision was not inconsistent with that in *Houghton's* case.

But in the other cases the distinction between the two sources of authority has not emerged quite so clearly. Thus in *Clay Hill Brick Co. v. Rawlings* (1938, 4 A.E.R., 100) the defendant, having bought bricks from the plaintiffs, made payment for them to the chairman of the directors, who kept the money himself. The debt to the company was discharged only if the chairman could be held to have authority to receive

payment. Tucker, J., held that he had such authority:

I think that it cannot be said that to receive payment in cash is beyond the power of a managing director or chairman of a company. It may be true that he is not the usual person to receive such sums. They may be received by a woman sitting in an office. However, that is a very different thing from saying that he has not the power to receive them. I think that Mr. Barber, in the position which he held in the company, was an officer who would not be ordinarily empowered to receive a payment of cash, but that, as a result of Article 12 of the articles of the company, which have been put in as between himself and Mr. Rawlings, he might be so empowered.

The defendant's knowledge or otherwise of the contents of the company's articles was not discussed in this case, but it will be apparent that in future cases of this nature it must be an important consideration.

Two further points must be mentioned. In the first place, where the rule in *Royal British Bank v. Turquand* is applied, the outsider is permitted to rely on the company's articles because they "hold-out" the director or other official of the company on having authority to act in that matter on the company's behalf. The third party has been led to believe that the director has authority and has acted upon that that belief. But this result can be arrived at in other ways. As Slade, J., said in the *Rama Corporation* case, "A company can hold out by correspondence and so on to third parties dealing with a person in good faith that that person holds authority which he does not, in fact, possess." Whether this has been done is a question of fact dependent upon all the circumstances of the case.

Secondly, the unfortunate situation in which an outsider may find himself as a result of the operation of these rules may to some extent be mitigated by the fact that where the company is held not to be bound by any agreement, an action will lie against the director or other official with whom the outsider has dealt for breach of warranty of authority. Every person who professes to contract as an agent is deemed by his conduct to represent that he is duly authorised to make the contract and will be liable in damages if he has in fact no authority.



# Excess Profits Levy—II\*

## COMPUTATIONS OF PROFITS FOR E.P.L.

PROFITS TAX COMPUTATIONS ARE BASED ON INCOME TAX PRINCIPLES except where special rules are laid down varying those principles. Now we have E.P.L. computations according to Profits Tax rules except where these are modified for E.P.L. purposes.

The computation is made for the accounting period, and then the profit (or loss) is divided as may be necessary into chargeable accounting periods (C.A.P.s) or, where relevant, standard years. The division is on a "time" basis unless the Commissioners of Inland Revenue (C.I.R.), having regard to any special circumstances, in their discretion otherwise direct or the apportionment is made under the following election:

Where part, but not the whole, of an accounting period:

- falls within a standard year and sufficient accounts are available as to that part, those accounts were drawn up before the end of the year 1951, and sufficient accounts are available for the other part of the same standard year; or
- falls after January 1, 1952, and sufficient accounts are available for that part,

the company can require the apportionment to be made in accordance with the accounts available. Accounts are not "sufficient" unless the company has balanced its books and (where there is stock) taken stock at the beginning and end of the period in question.

Important differences in computations for E.P.L. will now be explained. It is emphasised that these apply to standard (and intervening years where relevant), as well as to C.A.P.s. The Profits Tax computations for the standard years have therefore to be amended.

(1) There is no abatement, and all investment income must be included except in two instances:

- An investment company (i.e. a company whose functions consist wholly or mainly in holding investments—such term does not include the holding of land) is only charged on that proportion of its excess profits that its profits for the C.A.P. reduced by any dividend or distribution of profits from other companies ordinarily resident in the United Kingdom, bear to those profits without such reduction; a deficiency is apportioned in the same way;
- Where a company (or a group of companies) own directly or through other companies at least 25 per cent. of the ordinary share capital of another company and the last mentioned company is not a member of a group with the first mentioned company, the first company's profits will exclude dividends received on its investment in the last

### Investment Company Illustration:

Profits	.. .. .	£	40,000
Dividends from United Kingdom companies	.. .. .	25,000	
Excess Profits	.. .. .	6,000	
The charge to E.P.L. will be on $\frac{15,000}{40,000} \times £6,000 = £2,250$			

company, but there are adjustments of its capital by reference to the investment in question. This aspect will be dealt with later when we consider groups.

(2) Losses cannot be carried forward; this is met by deficiency relief so far as any loss arises after January 1, 1952. Pre-National Defence Contribution wear and tear which the Finance Act, 1937, allowed to be carried forward is not to be deducted for E.P.L.

(3) Initial Allowances. Briefly, the position here is that the company can elect either (a) within 12 months after the end of the first C.A.P. (a longer period if the C.I.R. agree); or (b) within 12 months from the cessation of E.P.L. (or longer period allowed by the C.I.R.), that no initial allowances shall be deducted in any accounting period. An election under (a) can be withdrawn by notice as in (b).

Failing such election, the initial allowances are to be calculated as if the original rates allowed by the Income Tax Act, 1945, continued unchanged, i.e. the increase for plant and machinery and the cessation of all initial allowances for income tax and profits tax have no effect for E.P.L.; as if any election made after April 5, 1947, to have initial and annual allowances for an industrial building instead of the mills, factories, etc., allowance, had not been made; and as if capital expenditure between April 5, 1944, and April 6, 1946, did not attract initial allowances.

Any such adjustments affect initial allowances only; the annual allowances are not to be adjusted in any way.

(4) Balancing allowances and charges, and charges on the sale of patents are to be eliminated from the computations for E.P.L.

The adjustments arising out of (3) and (4) are necessary to avoid unfortunate results, but are not difficult to make.

*Illustration:* Accounts made up annually to June 30. Basic allowance 8 per cent.

Plant bought July 1944	.. .. .	£	8,000
1945-46 W. & T. Allowance	.. .. .	640 + 128	
		7,360 — 128	
1946-47 Annual Allowance, $\frac{1}{4} \times 8$ per cent.	.. .. .	736	
		6,624	
1947-48 Initial Allowance:			
20 per cent. on £7,232* = £1,446			
Annual Allowance	.. .. .	662	
		2,108	
1948-49 Annual Allowance	.. .. .	4,516	
		452	
1949-50 Annual Allowance	.. .. .	4,064	
		406	
1950-51 Annual Allowance	.. .. .	3,658	
		366	
		3,292	
Proceeds from sale	.. .. .	6,000	
		128	
		6,128	
1951-52 Balancing Charge	.. .. .	£2,836	

\* This might have been allowed as 20 per cent. of £7,360.

\* A first article, entitled *The Excess Profits Levy as Amended*, appeared on pages 236/7 of our issue of July, 1952.





which the work done in the period bears to the whole. This is the same as for Profits Tax save that a right of appeal is given to the Special Commissioners.

- (b) Annual allowances for expenditure in connection with mines, oil wells, etc., which are ante-dated for E.P.L.  
(c) Back service payments to pension funds—these are not allowable deductions.

- (d) Repairs and renewals deferred from war years which were not relieved from E.P.T. are for E.P.L. to be spread over the years 1940-1949 so that no more than a two-years' proportion fall in the standard years.  
(e) Any expenses in restoration of assets in territory which was in Japanese occupation in 1942-1945 are to be reduced by Crown grants, etc.

## Taxation Notes

### E.P.L.

FOR THE FIRST YEAR, THE MAXIMUM E.P.L. that can be paid is 15 per cent. of the profits, since 15 per cent. is the limit for all the lifetime of E.P.L.

The maximum distribution (assuming no franked investment income) is therefore £48,276 from £100,000.

Proof:

	£	£
Profits .. .. .		100,000
E.P.L. 15 per cent. ..	15,000	
P.T. 20 per cent. on £48,276 ..	9,655	
2½ per cent. on £100,000 ..	2,500	
I.T. .. .. .	47,500	
		<u>74,655</u>
Distribution .. .. .	48,276	
Less I.T. .. .. .	22,931	
		<u>£25,345</u>

The maximum total taxation is therefore 74.655 per cent., of which 22.931 is deducted from the distribution. A higher taxation can only result from the distribution exceeding the available profits of the year.

If half the profits are distributed, this exceeds the available profits thus:

	£	£
Profits .. .. .		100,000
E.P.L. .. .. .	15,000	
P.T. 2½ per cent. on £100,000 ..	2,500	
20 per cent. on £50,000 ..	10,000	
I.T. .. .. .	47,500	
		<u>75,000</u>
		<u>£25,000</u>
Dividend .. .. .	50,000	
Less I.T. .. .. .	23,750	
		<u>£26,250</u>

It is obvious that £1,250 net has come out of profits brought forward.

This brings out a feature of the change in rate of profits tax without its being allowed as a deduction for income tax.

Suppose the dividend in the above case was £82,500:

	£	£
Profits .. .. .		100,000
E.P.L. .. .. .	15,000	
P.T. .. .. .	2,500	
+ 20 per cent. × £82,500 ..	16,500	
I.T. .. .. .	47,500	
		<u>81,500</u>
		<u>£18,500</u>

Dividend .. .. .	82,500
I.T. .. .. .	39,188
Net dividend .. .. .	<u>£43,312</u>

The company has distributed no less than £24,812 net out of previous profits, but there is no distribution charge. None is necessary since 20 per cent. profits tax has been charged on the distribution without being allowed as a deduction for income tax. Even if the taxpayer has had no non-distribution relief he is paying no more profits tax than if the change in rate and method had not occurred. This can be seen from an example which ignores E.P.L.

	£	£
Profits .. .. .		100,000 at 22½ p.c. = £22,500
Distribution .. .. .	100,000	
Profits .. .. .	100,000	
P.T. .. .. .	22,500	
I.T. .. .. .	47,500	
		<u>70,000</u>
		<u>£30,000</u>
Distribution .. .. .	100,000	
I.T. .. .. .	47,500	
		<u>52,500</u>
Excess (the P.T.) .. .. .	£22,500 net, equivalent to	£42,857 gross

Had this been under the 1951 scheme, the tax would have been (taking the gross equivalent of 22½ per cent. as the rate of profits tax):

Profits £100,000 at 42.857 per cent. = £42,857  
No distribution charge since no previous non-distribution relief.  
But profits tax was allowable for I.T., so reducing the cost by 6s. 6d. in the £ .. .. .

£20,357  
£22,500

If, however, there has been non-distribution relief, the company seems to be able to distribute past profits to quite an extent before attracting a distribution charge. In the above case, it would have to distribute over £100,000 gross.

### "Saving"

An individual taxpayer controlling a company is today in an invidious position! If he does not draw out the same amount of profits as in previous years, he may have the whole profits apportioned under what is now Section 245 so that sur-tax is paid on them, even if they are being used in the business; the "reasonableness" of withholding them being the test. If he draws them out, he pays sur-tax anyway, and increases the company's profits tax because of the increase in gross relevant distribution.

Leaving them to accumulate increases the value of the shares for estate duty.

He cannot get them over to his infant children; the settlement does not pass the income till the children reach majority or marry before.

When the time comes for him to want to take it easier, the amounts left in the company—the only semblance of "savings"—have to stay there. If he seeks to wind up the company, he will find that all amounts repaid in excess of the capital paid up in cash or kind (including premiums so paid) are "distributions" for profits tax; the profits for the period to date of liquidation are "available for distribution" and the "reasonable time" requirement has disappeared from the previous

period (Section 253). If instead of trying to wind up, he borrows from the company, again there is a "distribution" and the Special Commissioners will probably take the view that as the company can spare the money, a direction under Section 245 is relevant.

Any suggestions?—short of emigrating—and then, with what?

### **Evidence before the Royal Commission—(i) British Employers' Confederation**

On June 12, 1952, oral evidence was heard from the British Employers' Confederation.

The Confederation's memorandum showed that the proportion of national income taken in central Government taxation had increased from 17 per cent. in 1938 to 32 per cent. in 1951. A number of factors had operated to bring about redistribution of income from higher to lower income groups; the full effect had not yet materialised. In evidence, it was said that the disincentive effect was cumulative and discouraging. Many workpeople worked to a budget; a sudden reduction in taxation enabling them to reach the budget more easily might bring about a temporary reduction in work done.

Special treatment for overtime would cause difficulties. Office staffs with seasonal rushes commonly had their overtime reflected only in their annual salaries. Exemption of overtime would encourage claims for reduction of hours.

An employer should have no hand in calculations of assessments or in looking into an employee's domestic affairs, but act only as agents complying with instructions. P.A.Y.E. cost employers some £5 million to £6 million a year and lengthened the period of making-up pay. Samples showed a cost of 4s. a head with a mechanised system, 10s. without.

Disincentive affected technical and managerial staffs, too; the higher the tax the greater the effect. Reluctance to take on extra work or advance to higher responsibility resulted from high rates of sur-tax.

### **—(ii) Issuing Houses Association**

The Issuing Houses Association also gave evidence on June 12. The Association dealt with the burden of

profits tax and its effect in distorting the form of provision of capital (loans being preferable to share capital). Profits tax should be replaced by other taxation, or preference dividends should be allowed as expenses. Taxation without regard to the inflation of prices caused difficulties, and businesses should have an option to charge against profits an inventory reserve. Depreciation allowances should be on replacement cost.

In evidence, it was stated that loan capital imparted too much rigidity to the capital structure; it could be dangerous in times of poor trade. It was illogical to treat debentures and preference shares differently. An all-in company tax, in place of all others, would be simpler.

From the private individual, the most important investor of 25 years ago, (who now in many cases lived on capital rather than save it), there had been a transition to the insurance companies and pension funds.

### **—(iii) Professor F. W. Paish**

The main purpose of Professor F. W. Paish, who also gave evidence on June 12, was the maintenance of real capital. Profits should be calculated as at present, with year-end adjustments for price changes. This would need a general index of prices of industrial as well as consumption goods. As well as rising prices of assets there would have to be included any falling burden of liabilities.

With the present tax system, nominal profits and losses through price changes affected the tax payable and misled directors and shareholders; if accountants and directors would keep accounts to show substantial real profits and losses, the tax liability would appear more realistic. Thought in real, not merely in money terms would modify the violence of inflationary and of deflationary movements.

### **—(iv) Trades Union Congress**

The T.U.C. Memorandum regarded as the primary object of fiscal policy the maintenance of full employment and better standards of living. The disincentive effects of P.A.Y.E. had been exaggerated. The reduction of personal income available for investment did not involve a cut in available risk capital.

Little evidence existed to show that taxation had reduced willingness to invest in new projects or development.

Differential rates of profits tax had increased appropriations to reserve; a reduction in reserves might increase some reserves, but would increase dividends too. A sufficiently strong case had not been made out for linking social security payments to taxation.

In evidence on June 16 it was said that profits tax (while clumsy and broad) was a marginal tax; income tax was the main tax and distinguished between firms with as those without profits. The T.U.C. preferred the present P.A.Y.E. system to any alternatives. The tax on overtime was a mental rather than a real disincentive; they did not believe tax refunds encouraged absenteeism.

In the event of a depression, the tax structure would require review; they had no views as to the fate of profits tax in that event.

Other points from T.U.C. memoranda were:

(1) Approval of the benefits in kind provisions;

(2) disapproval of the suggestion to exempt family allowances for children; it favoured those with high incomes;

(3) approval of taxing gambling gains; it might be undesirable for the State to participate, but it would probably reduce gambling;

(4) approval of a capital gains tax but only on gains which are in all except a technical sense profits or ventures undertaken with a view of profit. The tax on gains from sales of assets held for a short period should be more than that on those held for a long period, and should be at a special rate;

(5) criticism of the F.B.I. survey of the effects of inflation on capital resources on the grounds that the sample taken was not representative of manufacturing industry generally;

(6) a claim that a greater proportion of national income was invested in the years 1948 to 1950 than in 1938, and that depreciation allowances in 1950 were in the aggregate sufficient.

### **—(v) The Stock Exchange**

At the meeting on June 24, 1952, Mr. H. B. Turle gave evidence for the Stock Exchange. We summarise the main points.

After the war, up to 1950, new capital was usually raised in ordinary shares; since then loan capital had increased over five times as a result



mainly of the burden of profits tax. It is inequitable to charge profits tax on preference dividends at the expense of the ordinary shareholder. Companies should only be taxed on profits earned in or remitted to the United Kingdom. This might stop the transfer of business out of the country.

The earned income relief should go up to a higher amount to ease the big jump in the burden when the relief stops and sur-tax starts, and to take note of the fall in value of the pound. Spreading income for sur-tax purposes is recommended.

Figures from the U.S.A. were quoted to prove the insignificant yield of a capital gains tax. From 1928 to 1952, the appreciation in prices of leading securities was 14 per cent., against a 53 per cent. fall in the value of money.

Little capital appeared to be available for new ventures other than gold mines. The useful method of purchase and sale of short-dated debentures has shrunk. A capital gains tax would accentuate a rise in prices and deter investors. Jobbers had no longer the capital to take risks of new shares.

Investment trusts—a normal method of raising risk capital is through them—would be hit by a capital gains tax, which would be a restraining factor also on institutional investors from whom more and more capital was being raised. A continuation of the narrowing of holdings into a small number of institutional investors would give them almost dictatorial powers in the industrial economy. It would be inequitable to tax an investor in a currency different from that in which he bought his investment.

#### —(vi) International Chamber of Commerce

The written evidence of the British National Committee of the International Chamber of Commerce is directed, as might be expected, to questions bearing directly upon foreign trade. Its theme is expressed in the following extract:

The position of the United Kingdom in relation to other countries has materially altered since the principle was first written into the Income Tax Acts over a hundred years ago to tax a resident on income from all sources. The United Kingdom was then a creditor nation which was reinvesting its trade surplus in developing enterprises in other countries. It was in a position to impose the terms on which

it provided capital. It chose to uphold the claim that the country of residence of the person entitled to the income had the prior right to tax that income. Few other countries had taxes on income or profits.

Since then international opinion has discarded this claim and has conceded the principle that the country where the income arises has the prior right to tax the income.

This is part of the evidence given in support of the Committee's contention that the taxation net is too widely drawn in relation to the taxation of United Kingdom residents (both companies and individuals) on overseas profits and should be contracted. They recommend that full relief should be given for double taxation by unilateral action, and that profits and income which are blocked overseas by exchange or other restrictions and profits of overseas permanent establishments which are not remitted to the United Kingdom because they are ploughed back into the business should be excluded from liability to assessment. These recommendations are made as a minimum; they were originally made to the Millard Tucker (No. 1) Committee but were referred by it to the Royal Commission.

In answer to the question "Is the taxation net drawn too widely or too narrowly in relation to the taxation of non-residents on United Kingdom profits?" the evidence of the Committee is that in general the arrangements are satisfactory. This follows logically from the statement of general principle quoted above.

Few practitioners will disagree with the Committee's contention, in answer to another question, that the definition of residence of an individual under case law is too wide and indefinite. But the conclusion that "the definition of residence of a company under case law is generally satisfactory . . ." is one which will not be so generally accepted.

The Committee's answer to the question "Are the provisions for relief of double taxation satisfactory?" stresses the incompleteness and complication of the present provisions and urges that the two forms of unilateral relief should be brought into line with treaty relief and made complete.

#### Losses Carried Forward

In the note on page 161 of the May issue, we regret we overlooked the

operative words "relevant years" in Section 22, Finance (No. 2) Act, 1945. The effect, as amended by Section 27, Finance Act, 1952, is that trading losses incurred not earlier than 1938-39 (not 1939-40 as stated) can be carried forward without time limit. We are grateful to the reader who pointed out our error.

#### Double Taxation Relief—Zanzibar, Tanganyika, Uganda, Kenya, Guernsey and Jersey

Orders in Council relating to double taxation arrangements with the following countries relating to taxes on income have now been published as Statutory Instruments: Zanzibar (No. 1211), Tanganyika (No. 1212), Uganda (No. 1213), Kenya (No. 1214), Guernsey (No. 1215), and Jersey (No. 1216).

#### Benefits in Kind

Referring to the note on pages 197 and 198 of our June issue, we understand that, though it is the Revenue view that the liability on a benefit consisting of the provision by the employer of a house should include the actual cost of repairs borne by the employer *for the year*, they are prepared, where it is claimed that the annual cost of repairs is likely to fluctuate substantially and that the strict application of Part VI, Chapter II, Income Tax Act, 1952, would involve hardship, to regard the amount of the Schedule A repairs allowance as assessable, instead of the actual cost, providing the taxpayer agrees to the adoption of this basis for future years. This treatment will not be extended in any year to expenditure which goes beyond the making good of normal wear and tear.

In this connection, attention is drawn to concessions mentioned in paragraph 18 (b) and (c) of Booklet No. 500 issued by the Board of Inland Revenue (reproduced in *ACCOUNTANCY*, February, 1951, pages 61-65), namely:

(b) Where the benefit assessable consists of a rent-free house, the director or employee is chargeable on the annual value (or the rent paid by the employer) and on expenses borne by the employer, such as rates. The amounts charged on the employee are restricted in the case of a patently old-fashioned and too large house.

(c) Under Section 161 (3), Income Tax Act, 1952, living accommodation provided for an employee (as distinct from a director)

in part of the employer's business premises is exempt from charge under Part VI, Chapter II, where certain conditions are satisfied (i.e., a practice to provide accommodation has prevailed in the class of trade for the class of employee since before July 30, 1928, and it is necessary in such a trade for such an employee to reside in such premises).

In practice the exemption is also allowed in the case of a full-time director of a company whose beneficial share-holding does not exceed 5 per cent. of the ordinary share capital, unless his emoluments (including the value of benefits within the scope of Part VI (II)) exceed £2,000.

There is a growing list of instances

where the legislation requires tempering to make it work. We dislike it; too much depends on the attitude of mind of the individual Inspector on the one hand, and, on the other, the knowledge and ability of the accountant to interpret the Acts.

## Recent Tax Cases

By W. B. COWCHER, O.B.E., B.LITT.

### INCOME TAX

*Capital allowances—"Industrial building or structure"—Whether warehouse within expression—Income Tax Act, 1945, Part I, Section 8.*

**Dale v. Johnson Brothers** (K.B. (Northern Ireland), November 30, 1951, Official Leaflet No. 1573) arose out of the provisions for capital allowances in respect of "industrial buildings or structures" given in Part I of the Income Tax Act, 1945. By Section 8 the expression was to mean a building or structure in use, *inter alia*:

8 (d) for the purposes of a trade which consists in the storage—

- (i) . . . .
- (ii) . . . .
- (iii) of goods or materials which, having been manufactured or produced or subjected, in the course of a trade, to any process, have not yet been delivered to any purchaser, or

Respondents were sole selling agents in Northern Ireland for certain manufacturers and the principal agency, that for Chiswick Products, Ltd., necessitated the erection of the warehouse in respect of which allowances were claimed. Two-thirds of the warehouse accommodation was used for keeping stocks of goods of that and other manufacturers for whom respondents had agency agreements. These agreements varied in character, but the one with Chiswick Products was by far the most important and it seemed that the appeal before the Special Commissioners was in effect based on that agreement. The Commissioners had held that the respondents, although the property in the goods passed to them on delivery, were only selling agents and only received and stored the goods pending a sale and delivery to the true purchasers, and that they were entitled to the deductions sought. Sheil, J., reversed this decision. He said that by virtue of Section 1 of the Sale of Goods Act, 1893, respondents were the purchasers and he posed the pertinent question how it could

be otherwise seeing that the Special Commissioners had held rightly that the property in the goods passed to the respondents on delivery at their warehouse. The other agreements showed distinctions in the contractual relationships but the judge did not see that they were of moment. He said that under the Section as invoked the building must be used for a trade and that trade must be one of storage, simply a keeping or custody, and that did not hold with regard to two-thirds of the warehouse. Apart from that, he held that the respondents were purchasers within the sub-Section, another reason for disallowance.

The dividing line, between buildings or structures eligible for capital allowances under the 1945 Act and those not, would seem to have been drawn with a curious disregard of economic considerations and the equality principle.

*Machinery or plant—Initial allowance—Annual allowance—Motor car used partly for business and partly for private purposes—Whether car purchased solely from business considerations—Whether allowance to be restricted—Income Tax Act, 1945, Sections 15, 16, 57—Finance Act, 1949, Section 21, Schedule VI, para. 1.*

**Kempster v. McKenzie** (Ch., April 23, 1952, T.R. 189) was a case in which the Revenue had raised a point of somewhat novel character. The appellant was a Shropshire dairy farmer whose farm extended to 298 acres. A car was necessary for the business and a 1933 Vauxhall car of 17 h.p. had been purchased in 1937 for £80. This car was used for all farm work, necessitating running over fields, hauling a trailer whenever necessary, and was the only car which, prior to the purchase out of which the case arose, appellant had used for farming business. Appellant had placed orders for new cars, viz. in 1946 for a Vauxhall 18 h.p. and in 1947 for a Wolseley, but in the year 1948-9 had availed himself of the chance of buying a new 14 h.p. Alvis at a cost of £1,284. The new Alvis, unlike

the old Vauxhall, had no drawbar and was only of use on roads. It had been agreed between the parties that the car was in use for farm purposes at the end of the basis period, and it was also agreed that private use for holidays and other private purposes represented one-seventh of the total running. The Inspector's calculation of the capital allowances to be made for 1949-50 was as follows:

Cost of car, £1,285.			
	£	£	£
(1) Initial Allowance, 20 per cent. . . . .	257		
(2) Annual Allowance, 20 per cent. . . . .	257		
Plus $\frac{1}{4}$ . . . . .	64		
		321	
(3) Abatement for "personal choice" (one-seventh) . . . . .		83	
			495
(4) Disallowance for private running (one-seventh) . . . . .			71
			£424

The dispute between the parties was as to item (3) in the calculation, the claim to abatement by reason of "personal choice." This term, coined by the Revenue and having no definite legal meaning, was apparently intended to represent an estimate of the increased outlay arising not from the appellant's business requirements but from his desire to impress socially. The General Commissioners had found in favour of the Revenue; but Danckwerts, J., said that on the facts found the purchase of the Alvis car was not an extravagant one or unreasonable in the circumstances and that there was no evidence to justify the Commissioners' decision.

It is not clear why the Revenue should have allowed a case with such unfavourable facts to go to the High Court. If, instead of being a dairy farmer, lucky enough in the circumstances to get a new Alvis car, he had been a "gentleman farmer" who had bought a new Rolls-Royce, it would have been an interesting case.

The provisions, now contained in Section 289 (1) of the Income Tax Act, 1952, regarding allowances for machinery and



plant subject to part-time use otherwise than for trade purposes do not seem to contemplate as a factor "personal choice."

*Several businesses carried on by testator—Realisation of assets—Land development—Profits arising during period of realisation—Whether arising from trade—Income Tax Act, 1918, Schedule D, Case I.*

**Wood v. Black's Executors (The Public Trustee)** (Ch., March 5, 1952, T.R. 1952) posed the question whether what had been done subsequent to the death of Sir Alec Black, Bart., had been merely incidental to the winding-up of his estate or, as contended by the Crown, the same trades had been carried on as had been carried on by the deceased and the activities of the executors were characteristic of trading. Deceased, who died on June 28, 1942, had carried on a multiplicity of businesses, and under his will empowered his trustees to wind them up "within, say, a period of three years" from his death and until wound up they were "to be carried on under the management and control of the said [blank]." Litigation had ensued causing delay. The fleet of trawlers owned by deceased had been sold at different dates, the last sale being on May 17, 1943. His cold storage business was sold on June 27, 1943; his coal wagons and lighters on September 13, 1943; his business of buying and selling stores had been wound up on September 30, 1943, and the assets of his coal and engineering business had been sold on December 31, 1943, whilst his two estates were not sold until 1946 and 1949 respectively. All the above activities had constituted trades carried on by the deceased and during his lifetime had been managed for him by a Mr. Harrison, who had been appointed by the Court as joint administrator to realise the estate. Pending the various realisations the businesses had been apparently carried on much as before and under the Court order, Mr. Harrison, despite his fiduciary position, had been paid £2,000 a year as remuneration. During the period of realisation covering about two years, the profits had amounted to £29,000 and the same staffs of employees had been retained. There had been, also, large purchases of stock for the purpose of carrying on.

The General Commissioners had found that there was continuance of the businesses but only so far as was necessary for the purpose of winding them up satisfactorily "and therefore does not constitute trading by the executors or administrators." Their decision in favour of the executors was reversed by Vaisey, J., who agreed with Counsel for the Crown that the word "therefore" was an attempt to define the

law which naturally flowed from the facts found, although, on those facts, the administrators were trading during the two years after the death of the testator. (This decision was exclusive of the Crown's claim on estate development which was abandoned during the hearing.)

The question of whether the business contracts entered into during the realisation of a business or of a deceased's estate amount to trading within Case I of Schedule D is essentially one of fact and therefore of degree, and the two cases cited, *J. R. O'Kane and Co. v. C.I.R.* (1922, 1 A.T.C. 55, 12 T.C. 303), and *Cohan's Exors. v. C.I.R.* (1924, 3 A.T.C. 251; 12 T.C. 602), with their contrasted results, bring this out clearly although there have been also several other cases. In the case under review, it seems to the present writer that if the Commissioners' obvious conclusions had been embodied in differently phrased findings the Crown might have had a more difficult task.

## EXCESS PROFITS TAX

*Excess Profits Tax—Deduction—Company incorporated and controlled in Eire—Two branches in England—Whether entitled to deduction for Eire taxes in computing profits assessable in England—Income Tax Act, 1918, Schedule D, Cases I and II, Rule 3 (a)—Finance (No. 2) Act, 1939, Section 12 (2).*

**C.I.R. v. Dowdall O'Mahoney and Co., Ltd.** (House of Lords, February 25, 1952, T.R. 85) was noted in our issues of March 1950 (at page 95) and August 1950 (at page 285). The company, incorporated and resident in Eire and controlled there, contended that in computing its profits for United Kingdom taxation it was entitled to deduct a proportion of the Irish income taxes paid by it in Eire. The Special Commissioners had decided in the company's favour but Croom-Johnson, J., had ordered that the case stated should be remitted to the Special Commissioners for re-statement. An appeal having been lodged against this Order, the Court of Appeal had affirmed the Commissioners' decision. The House of Lords unanimously reversed the decision of the Court of Appeal and so held that the sums claimed were not deductible.

In the previous note the writer expressed the view that the reasoning of the Court of Appeal's decision, apart from a second argument based upon legal analysis of the Dominion income-tax relief legislation, was not easy to follow, and the grounds for this view, there set out, were substantially the same as those of their lordships, it being difficult to hold that part of an ultimate liability to a tax imposed in Eire on profits of the company as a whole was a deduction

in computing the profits of trading in the United Kingdom. In the words of Lord Davey in *Strong v. Woodfield* (1906, A.C. 448, 5 T.C. 215), it could not be said to be incurred for "the purpose of earning the profits." In the main, however, their lordships' speeches were devoted to the second argument which had been the basis of the decision of the Court of Appeal in favour of the company, namely that in paragraph 5 of Part I of Schedule VII to Finance (No. 2) Act, 1939, and Section 30 of Finance Act, 1940, Parliament had shown a clear intention that for excess profits tax there should be a deduction in respect of income and profits taxes paid abroad. This view was finally rejected; but it would seem that most of the difficulties of interpretation experienced by their lordships could have been removed by anyone conversant with the origin and development of methods of taxing the foreigner. For example, Lord Oaksey in the course of his speech said:

No clear distinction in point of principle was suggested to your lordships between such taxes imposed by the United Kingdom Government and those imposed by dominion or foreign Governments.

Nevertheless, it is submitted that the distinction is fundamental and is based on the fact that, whilst the right of the citizen to trade in his own country is, in general, a natural right, the same citizen trading in a foreign country is in a very different position and in the last resort can only so trade by virtue of a licence or privilege. It was only when the payments exacted from him by the foreign country began to take the form of profits or income taxation that any question was raised of relating income taxation abroad to that at home. Up till then, such taxes or impositions, whether regular or irregular, as the citizen had to pay in the foreign country in respect of his trading therein were regarded in general as incidental to that trade and allowed as expenses deductible in computing his profits. This position held good both before and after the grant of Colonial Income Tax Relief by Section 43 of Finance Act, 1916, and even after the substitution of it by Dominion Income Tax Relief under Section 27 of Finance Act, 1920, despite the prohibition of the deduction by Section 27 (4). Section 27 has always been regarded by the Revenue as a relief section and not a charging section and, as a consequence, if the citizen trading abroad found that he was worse off under Section 27 than without it, he could "contract out"—in which case, the prohibition in Section 27 (4) would not apply. It is curious that this Revenue view, whether correct or not, was apparently not submitted to their lordships; and much of the interpretation difficulty apparently arose from this fact.

## INCOME TAX AND EXCESS PROFITS TAX

*Income tax—Excess Profits Tax—Underwear manufacturer—Large amount of fresh capital introduced into business—Enquiry by Revenue—Other large assets revealed—No satisfactory explanation of accretions—Estimated assessments.*

**Moschi v. Kelly** (Ch., February 26, 1952, T.R. 105) was similar to the case of *G. Deacon & Sons v. C.I.R.* (1952, T.R. 21—see ACCOUNTANCY, June, 1952, page 202), and, like it, came before Donovan, J., on appeal from General Commissioners. It was the case of a German refugee who came to this country about 1933 and started trade as underwear manufacturer. Between 1933 and 1944 he had introduced £34,000 as fresh capital into the business and, in addition, had diamonds and jewellery agreed to be worth £10,000. There was also another point. In his accounts the appellant had debited for wife's wages sums which ranged from £500 in 1940 to £1,500 in each year between 1942 and 1945, and these had been credited to his drawing account. Neither the Revenue nor the General Commissioners had been taken in by what the judge described as the "tissue of falsehoods" put forward by way of explanation; and, although the judgment does not state what were the amounts of the estimated assessments appealed against, it can be surmised that they were sufficient.

In dismissing the appeals, Donovan, J., made an indignant protest that a man to whom this country had given compassion and protection, and had so enabled him to build up a prosperous business, had repaid it by deliberate cheating and had so avoided his proper share of the cost of defending it "against the menace from which Mr. Moschi had fled." The case, he said, was one where the Revenue's "sharp weapons of retribution" ought obviously to be used if the appellant was still within reach. The case would clearly never have come before the Court had the appellant had as much wisdom as nerve.

### PROFITS TAX

*Distribution to members of company out of capital assets—Period in respect of which payment was made not expressed in resolution—Finance Act, 1947, Sections 35, 36.*

**Bourne & Hollingsworth, Ltd. v. C.I.R.** Ch. February 25, 1952, T.R. 99) was a case where the company's accounting period ended on February 13, 1947. On March 17, 1947, a distribution of £30,916 out of capital representing surpluses on realisations of investments was made following a resolution at an extraordinary general meeting held upon the same date. For the company it was argued that the sum in question was the division of a capital

surplus which was not a distribution within Sections 35 and 36 of Finance Act, 1947, and, alternatively, that it was expressed to be paid in respect of the chargeable accounting period ending February 13, 1947, thus bringing the distribution within Section 35 (1) (a) of the 1947 Act. The Special Commissioners had held that a distribution for profits tax purposes could be made out of a capital surplus and that as it had not been expressed to be made in respect of the period to February 13, 1947, it had to be treated as a distribution for the period in which paid. Donovan, J., following *Lamson Paragon Supply Co., Ltd. v. C.I.R.* (Ch. 1951, T.R. 243)—noted in our issue of November 1951 at page 423—and his own decision in *C.I.R. v. Bell and Nicholson, Ltd.* (Ch. 1952, T.R. 29) affirmed their decision upon both points.

*Distribution charge—Company resident in United Kingdom—Whether ordinarily resident abroad—Whether exemption from distribution charge only applies to persons non-resident in United Kingdom—Income Tax Act, 1918, Cases I and II of Schedule D, Rule 12—Finance Act, 1937, Sections 19, 20—Finance Act, 1946, Section 44—Finance Act, 1947, Sections 30, 31, 39.*

**Union Corporation, Ltd. v. C.I.R., Johannesburg Consolidated Investment Co., Ltd. v. C.I.R., Trinidad Leaseholds, Ltd. v. C.I.R.** (C.A., February 22, 1952, T.R. 69), was noted in our issue of December 1951, at page 456. All three companies had claimed that although admittedly ordinarily resident in the United Kingdom they were also ordinarily resident outside the United Kingdom and that they were, in consequence, exempt from the distribution charge to the profits tax by virtue of Section 39 (1) of the Finance Act, 1947. The Special Commissioners had held, as regards the said exemption, that residence outside the United Kingdom would, if established, entitle the company to the benefits of Section 39 (1) despite admission of concurrent residence in the United Kingdom but that the authorities precluded them from holding upon the facts that any one of the three companies was ordinarily resident both in and outside the United Kingdom. Harman, J., had differed from the Special Commissioners upon both points but had arrived at the same result, holding in effect that the exemption did not apply to a company ordinarily resident outside the United Kingdom throughout a given period if it were also ordinarily resident in the United Kingdom throughout the same period; but he also held, on the authorities and on the facts as found by the Special Commissioners, that the first two companies had dual residence; whilst, in the case of the Trinidad company, the facts found were

insufficient to warrant the same course, and, had he not reached a different conclusion upon the first point, he would have referred the case back for further findings. On appeal, his decision was approved, Evershed, M.R., giving the judgment of the Court upon the two issues.

The first point arose from the fact that in sub-Sections (1) and (3) of Section 39 of the Finance Act, 1947, the term "ordinarily resident outside the United Kingdom" is used, whereas in subsection (2) "ordinarily resident in the United Kingdom" is followed by "not ordinarily resident in the United Kingdom" and there was a wealth of argument on the significance in the circumstances of the difference in meaning between "resident outside" and "resident in" in view of the possibility of both existing at one and the same time in the case of the same person. The Court finally took the view that the Parliamentary draftsman had made a slip in subsection (2):

it seems natural enough to add the word "not" before the words "ordinarily resident" rather than look back to see what form of words was used in Section 39 (1) to describe the same thing.

and, although the Court differed from Harman, J., on the explanation, it reached the same conclusion in favour of the Revenue, holding that "ordinarily resident outside" was in the context synonymous with "not ordinarily resident in."

The second point was of far greater general importance but did not actually call for consideration unless the Court's decision upon the first one was reversed. In *Swedish Central Railway v. Thompson* (1925, A.C. 495, 9 T.C. 342) the House of Lords had held that, although the famous dictum of Lord Loreburn in *De Beers Consolidated Mines, Ltd. v. Howe* (1906, A.C. 455; 5 T.C. 198) that a company was resident "where the central management and control actually abides" held good as a matter of course, where this central management and control was divided it was possible for an English company to be at the same time resident both in and outside of the United Kingdom. The limitations of this possibility were examined at length in *Egyptian Delta Land and Investment Co., Ltd. v. Todd* (1929, A.C. 1, 14 T.C. 138); but the House of Lords' decision against the Crown in that case left the matter in a state of uncertainty. In the cases under consideration, the Court held that in all three the central management and control was divided sufficiently for all to be resident both in and also outside of the United Kingdom, and, as regards the amount of division necessary, it was held that this "does not demand that the Court should look and look only to the place where is found the final and supreme authority."

It remains to be seen what the House of Lords makes of the problem; although if it



confirms the decisions of the lower Courts upon the first point it may quite well decline to consider it until forced to do so in another case. Opinions which are in the circumstances *obiter* are not too satisfactory.

## ESTATE DUTY

*Estate duty—Purchase of land by deceased and conveyance to City of Edinburgh for all-time use as public park—Loan by City of Edinburgh to deceased to provide cost of purchase—Loan at interest but no interest to be paid during deceased's lifetime—Loan and interest to be paid on death—Whether consideration given for debt consisted of property derived from the deceased—Finance Act, 1894, Section 7 (1)—Finance Act, 1939, Section 31.*

**McDougal's Trustees v. C.I.R.** (Court of Session, March 26, 1952, T.R. 157) was a case where a special enactment intended to stop a method of reducing the burden of death duties by evading the time limit for gifts was claimed to be applicable in circumstances which could scarcely have been contemplated. Upon February 4, 1937, the Cluny Trustees, who owned a

property known as the "Hermitage of Braid" in the City of Edinburgh, wrote a letter to Mr. John McDougal (who died on August 1, 1949), offering it to him at the price of £11,000, conditional upon its being used for all time as a public park or recreation ground for the citizens of Edinburgh, failure to observe the condition to entail forfeiture and reversion to the trustees. The letter noticed that the only object of Mr. McDougal was to make a gift of the property to the City. The City accepted the gift, and the conveyance was made direct to it by the trustees. Deceased, however, for some undisclosed reason, instead of providing the purchase money himself, borrowed it from the City on terms whereby interest at the rate of 3 per cent. was to accumulate until his death when the principal and accumulated interest was to be paid. Deceased had assigned to trustees as security for his debt to the City certain stocks exceeding the debt in value. At his death their value was £15,000 whereas the total sum payable to the City was £13,364. The deceased's trustees had included the former amount in the inventory of his estate but claimed to deduct the latter under Section 7 (1) of

Finance Act, 1894, as being a deductible debt.

Two years after the transaction, by Section 31 of Finance Act, 1939, it was provided, in effect, that debts otherwise allowable should be abated in proportion to the consideration given therefor which (a) consisted of property derived from the deceased or (b) had been given by any person who was at any time entitled to or amongst whose "resources" there was at any time included any property derived from the deceased. This second class was limited by an important proviso. The Revenue claimed that the case was caught by Section 31 and despite the contentions, first, that the city authority which received the gift did so as trustee and was a different legal person from the authority which made the loan and, secondly, that in view of the above-mentioned restrictions on the use of the property it could not be included amongst the city's "resources," the Court by a majority of two to one—Lords Thomson and Patrick against Lord Mackay—upheld the claim. The last-mentioned's dissenting judgment was both closely-reasoned and extremely emphatic.

# The Student's Tax Columns

## LAND TAX

THE LAND TAX TAKES ITS ORIGIN FROM THE LAND TAX ACT, 1798, and although collected with the income tax assessed under Schedule A, has no connection with income tax. Land tax is older than income tax, and applies to Great Britain only.

It is charged on the annual value of all lands (except as stated below) and whatever is erected on the land. An occupier called upon to pay land tax can deduct it from the rent, unless he has agreed to bear the tax. The land tax year ends on March 24 and the tax is due on January 1 in the year of assessment.

A fixed quota was originally laid down for each parish, and a rate determined each year to produce the quota. The assessments are nowadays made by the Inspector of Taxes, and the annual charge is fixed at that for 1949-50 (except in the case of a mine or quarry or the right to a toll, where the annual charge must be reduced proportionately to any fall in rateable value).

No land tax is payable:

- On Crown property occupied by the Crown only;
- where the annual charge for 1949-50 would be less than 10s.;
- Where by reason of death, compulsory redemption applies and the whole estate for estate duty purposes does not exceed £2,000.

Redemption is compulsory in the following circumstances:

Circumstances	Date	By whom
(a) If the property is sold or given away	Date of sale or gift	New owner.
(b) If the property is leased for 21 years or more	Date of lease	Lessor.
(c) If the property is owned by a company, association or club, or the trustees of a charity	January 1, 1954, (unless liable under some other head earlier)	Owner.
(d) If the owner or life tenant of property dies	Date of death	Personal representatives.
(e) If Crown property becomes occupied by some other person	Date of occupation	Owner.
(f) Surrender or forfeiture of a long lease (i.e. one which had not less than 50 years to run on April 1, 1950)	On surrender or forfeiture	Person to whom the property reverts.

The redemption money is twenty-five times the annual charge. Anyone becoming liable to redeem must give notice within three months to the Registrar of Land Tax at Worthing.

Any person having an estate or interest in the property (except a tenant paying a full commercial rent or a tenant of the Crown) may redeem voluntarily. A form for the purpose can be obtained from the Registrar or from a Collector of Taxes.

## The Month in the City

### Crisis Deferred?

THE RECESSION, REFERRED TO LAST MONTH, continued until June 24 in most sections and into the first days of July in miscellaneous debentures and preference shares. Since then there has been a recovery, which amounted by the middle of the month to a full point in the Funds, to half that amount in other fixed-interest securities and to some 6 per cent. in industrial ordinary shares. At approximately the same time the rate for sterling, New York, commenced to harden. Despite these developments, which suggest an easing of the strain and a belief that things are less bad than was feared, the rate demanded of the Exchequer for taking up Treasury bills by the market rose appreciably. It is not easy to find any solid ground for the improvement in either the stock or the foreign exchange market, unless one falls back on the technical recovery, following undue speculation against the pound. It seems to be the case that people overseas expected some panic action by the Government at the end of the quarter—both straight devaluation and the freeing of the exchange to find its own level have been suggested. As the Government decided to do nothing but hold on, it may be that short-term speculators have had to cover. The end-quarter announcement on the gold reserve showed that, after taking credit for a large amount of aid, the sterling area was in credit in May and June, but that, before this aid, the position was worse in June than in either April or May. This does not seem a very adequate basis for either improvement, but at about the same time there were statements by a number of company directors that things were going rather better, while a good deal of publicity was given to reports that the recession in retail trade in the U.S.A. was ending. In these circumstances, financial circles here seem to have reached the conclusion that the crisis had been deferred, that no further rise in bank rate was in prospect and that one could safely look forward to jogging along until some time next year. All that can be said of this diagnosis is that it seems very improbable that the world outside this country will be prepared to look upon so supine a policy as adequate to stabilise the pound and that renewed speculation

against it seems likely to arise long before next year has opened.

### America's Part

The month has produced not only a number of developments in American politics, which may prove to be of importance to this country, and a premature suggestion for a large-scale dollar credit to assist in sterling convertibility, but a great deal of discussion of American tariff policy. For months past a considerable section of the American Press has been running a line of argument which is now summarised in the slogan "Trade not Aid." More than one paper has come forward with the view that it is idle to expect the countries of Europe—including the U.K.—to stand on their own feet economically if the greatest creditor country of the world persistently refuses to accept fair competition of their goods in the home market. Despite this, a number of individual interests in the U.S.A. continue to press for upward revisions of the tariff to keep out foreign goods, and, in the case of the Swiss watch industry, a recommendation has been sent to the White House which means that some revision is recommended. It is evident that this will be a question which the new President and Congress will have to tackle early next year, and it may be that there will be some delay in action here until the complexion of American policy can be more clearly discerned. The position is likely to be affected decisively by the course of industrial activity in the U.S.A., and the latest official view appears to be that a renewed depression is likely in the spring of next year. All these facts have to be taken into account in assessing the outlook for British industry. From mid-month there has been a recession on a cautionary statement by the Prime Minister and the net changes between June 20 and July 25 in the indices of the *Financial Times* are as follows: Government securities from 90.53 to 91.43; fixed interest from 101.25 to 101.95; equities from 103.2 to 109.3; gold mines from 91.39 to 96.41.

### Australian Conversion Offer

It is a natural result of the heavy running down of Australian sterling

balances over recent months that the Commonwealth should be renewing the £11,750,000 of 3½ per cent. stock falling due instead of paying it off. Holders are offered a 4½ per cent. stock 1960-62 at 98 in conversion of their present holdings, and there is a cash offer to cover whatever portion is not converted. The yield to final redemption is 4½ per cent., and that is within a matter of a few pence of what was mathematically right at the time of offer. As recently as May, the Crown Agents could raise money for Kenya for 26 years by an offer of 4½ per cent. stock at 99½, so that, in this market, things have been running against the borrower in recent weeks. This loan marks the reversal of the long process of saving interest on money borrowed here which started some 20 odd years ago.

### Courtaulds' Stocks

Sir John Hanbury-Williams, chairman of Courtaulds, concentrated his remarks contained in the full report on the figure of stock in trade, which had risen on the year by well over 50 per cent. in value. The rise is due to higher prices, some drive to secure raw material at a time of shortage and the accumulation of a considerable amount of finished products. Apart from some decline in the last quarter, results for the year to March 31 were not unsatisfactory, but the outlook is far from clear and any forecast is postponed until the annual meeting at the end of July. There was no further mention of the prospect of having to raise fresh capital, to which reference was made a year ago, but it is evident that the group are still thinking of expansion. On the longer term, Sir John believes that the demand for rayon rises with every increase in the standard of living, and he expects to emerge stronger from the present period of difficulty, which should serve to squeeze out of existence those manufacturers who are not sufficiently up to date in their equipment or not fully efficient.

### The Dictorel Magnetic Dictating Unit

The Trevor-Johnstone Co., Ltd. has removed its head offices to larger premises at 14, Berkeley Street, Piccadilly, London, W.1. The technical development and service departments remain at 169-174, Sloane Street, London, S.W.1, and sales and service centres operate throughout the country. The popularity of the "Dictorel" is ascribed to its simplicity, economy and reliability. The recording is made on paper sheets, which are fed into the machine as with a typewriter.



# Points from Published Accounts

## The Difficulties of Initial Accounts

INITIAL ACCOUNTS FOR A BROKEN PERIOD ARE a trial and tribulation for uninitiated shareholders, who are incapable of comprehending the meaning of pre-acquisition profits. But if they can grasp that group profits are what matter they should have little difficulty with the first accounts of *Hollas Textile (Holdings)*. The consolidated profit and loss account of the operating company shows a "balance" of £149,502 after taxation, and as it does not really matter that the transfer to capital reserve is, in fact, a transfer of undistributable profits, they can see at a glance the handsome cover for their dividends.

The balance sheet is drawn up simply, but none the less effectively. British Government securities and quoted stocks and shares are not included with current assets, although, as has been remarked before, these are probably more "current" than stocks and debtors in some cases. It would be helpful if chairmen of newly-formed companies were to appreciate that first accounts are a mystery to many shareholders, and that a child's guide is not the luxury that they might be led to believe.

## Improvements in Presentation

The chairman of *Scammell Lorries* remarks that alterations have been made in the form of presentation of the accounts, and he feels sure that these will have shareholders' approval. Certainly they ought, because the company strikes a net profit after tax that is unequivocal in that transfers to stock reserve and plant and machinery reserve, as well as stamp duty expenses on the capital increase made during the year, are treated as "below the line" items. Then the balance sheet is simply but effectively drawn up, so that the shareholder can see all the facts and figures without a mass of unnecessary complications.

If there is a defect it is that those shareholders who bought an interest in the company before the nominal value of the shares was written up from 6s. 8d. to 10s., and may have subscribed to the "rights" issue that was made during the year, are not given a comparison of the latest percentage dividend with that paid on the capital existing before the scrip bonus, which was also distributed. The company is not

strictly called upon to supply this comparison, since the shareholders concerned can see from the comparative figures that the cash disbursement is greater, but it would have been of value if the directors had intimated that the payment was being raised to 10 per cent. from the equivalent of 8½ per cent.

## Six Tax Items in One Account

What was the "normal" net profit after tax of *Amalgamated Roadstone* for the year to October 31, 1951? We imagine that few of the shareholders of the company are completely clear in their minds. Here is the list of six separate tax items appearing in the three-tiered profit and loss account:

(a) Provision for initial allowances in respect of capital expenditure up to October 31, 1950 .. ..	£ 51,735
(b) Provision for profits tax .. ..	110,471
(c) Provision for income tax, Schedule "D," 1951-52 .. ..	£67,306
(d) Less transfer from taxation equalisation (initial allowances) reserve .. ..	7,000
	60,306
(e) Further provision towards income tax on current profits .. ..	20,000
(f) Taxation equalisation (initial allowances) reserve .. ..	46,813

Item (a) clearly relates to initial allowances relief of the previous accounting year, and is, therefore, an exceptional charge. And why should not (c) and (e) be lumped together? Presumably (f) is an offset to the initial allowances relief for the financial year covered by the accounts, but this is not certain. Surely there was no need for this complex method of presentation?

## Net Dividend Cover

The division of profits of *Constructors* is treated in two parts. It cannot be said that the constructors of the accounts are beyond reproach. Lumped with depreciation in the first part is a £6,000 transfer to plant replacement reserve, and then profits tax is charged before striking "profit for the year" carried down to the appropriation account. Against this item is then debited income tax assessable on the profit for the year, the usual dividend payments and reserve transfers.

Dividends are shown at their net amount, but the shareholder will have to do his own calculations if he wants to arrive at the net cover for them. It would be preferable to have struck a net profit after all taxation, and, although the amount is small, the profit on the sale of fixed assets could have been added to the amount brought forward. The company adds to this balance the excess tax provision for the 1950 final dividend, and this is a step which more companies could follow with exceptional items in order to take these out of account.

## America! Here We Come!

Those of us who have sought to belittle the published accounts of British companies by comparing them with those published in the U.S.A. will have to don sackcloth and ashes if every concern follows the example of *British Insulated Callenders Cables*. They are a superb presentation, including a five-year record of the division of profits, a pie chart analysing turnover, and a diagram illustrating the rises in five of the main raw materials between 1945 and 1951. Four pages of pictures demonstrate the company's versatility in its particular fields, and five pages are devoted to lists of the branch offices and representatives at home and abroad. The chairman's speech covers six pages.

Commenting on the depreciation provision the chairman states that this represents an overall rate of some 7.3 per cent. on original cost:

Whilst this provision deals adequately with the writing off of existing book values, it is inadequate to provide for the cost of replacing our fixed assets at present-day prices. . . . Your directors now feel it is desirable to institute a special reserve for "replacement of fixed assets" by the appropriation of £1,000,000 from 1951 profits, which, taken in conjunction with existing reserves, covers the position to date. Consideration has been given to revaluing for balance-sheet purposes our buildings and plant on an up-to-date basis, but it has been thought preferable to postpone any decision until prices are more stable.

Lest it be thought that the sumptuousness of the B.I. Callenders accounts has distorted perspective, it is suggested that exceptional items such as profit on realisation of properties and investments, and "receipts applicable to earlier years and provisions no longer required" should be set out in a panel and their total added to the amount brought forward from the previous year. It would, further, be of value if the "normal" residual net profit after deducting dividends and reserve transfers were shown separately and added to the balance brought forward.

# Readers' Points and Queries

## Annual Fee Deducted from Trust Income

*Reader's Query.*—As an old subscriber to your excellent magazine I should like to ask a question which has been put to me by a beneficiary under a will. What is the practical effect of the deduction of an annual or income fee (authorised in the will) from the gross trust income shown in a tax voucher issued by the executors?

Broadly speaking, it appears to operate to the detriment of a beneficiary in the lower income group whose income is not liable at standard rate and to favour legatees who are subject to sur-tax. From the executor's point of view, does the fact that the fee is payable out of a taxed fund and is therefore in the nature of an "annual payment" payable wholly out of "profits and gains brought into charge to tax" exempt him

from an assessment to tax thereon? *Baxendale v. Murphy* (1924, 2 K.B. 494) and *Hearn v. Morgan* (1945, All E.R., 480) suggest that it does and All Schedules Rule 19 is quoted in support.

Is the trust corporation or private executor entitled to any relief in respect of the fee which is presumably taxed with other remuneration from estates? If tax is taken by the Revenue from the beneficiary by deduction of the annual charge from the repayment of taxed income surely it should not also be taken from the executor.

*Reply.*—The result is as stated in the first sentence of the second paragraph of the reader's query. *Baxendale v. Murphy* was recently approved in *Dale v. C.I.R. (Court of Appeal)*, where it was held that such fees were investment income. In the *Dale* case, the Master of the Rolls said:

*In effect income tax would be paid or deducted twice in respect of the annual sum in question; first by reason of the fact that all the trust income would have suffered tax by deduction at the source and second because the recipient is himself chargeable in respect of the gross sum paid to him; and this is, indeed, as I understand it, what occurs in practice where a solicitor or other professional trustee is entitled in charge for his professional services in relation to the trust.*

*The only way to avoid the double charge appears to be for the settlor or testator to provide for the professional trustee an annuity as remuneration; income tax would then be deducted and the annuitant take credit for the tax having been deducted.*

## Age Relief and Building Society Interest

*Reader's Point.*—It may interest your reader who submitted the query in the July issue of ACCOUNTANCY (page 247, column 3), to know that I have just had reduced rate "concessional relief" on the income in excess of £500 which was covered by building society interest.

## Publications

CLASSIFICATION IN ACCOUNTING. By A. A. Fitzgerald and L. A. Schumer. (*Butterworth and Co. (Australia), Ltd., Sydney. Butterworth and Co. (Publishers), Ltd., London. Price £2 5s. net.*)

This text is a revision, rearrangement and expansion of what is claimed to be a pioneer series of articles which appeared in *The Australian Accountant* in 1942-3. The work examines the many ways in which data may be classified to improve the range, quality and usefulness of accountancy information. Great stress is laid on logical rules, and three pages of anthropological classification are included to illustrate valid as against invalid classification.

Since transactions are conversions (exchanges), they are classified according to the nature of the reciprocal elements for ledger purposes (the mechanism of book-keeping on a decimal symbol basis being approved and an ample appendix giving examples of ledger classification). Summarisation into classes and sub-classes takes place for purposes of financial statements.

One turns naturally to the classification proposed for the income statement and balance sheet. Under these headings, in spite of a critical approach in some instances and suggestions for new or amended terminology, the main contribution remains

an account of possible classifications, rather than a substantial contribution to appropriate procedure for current practice. Some recent suggestions by other writers are not discussed.

Although some economic reasoning questions the need for classification, or, indeed, the possibility of attaining a reliable classification, studies of this kind are intimately concerned with accountancy procedure, for one must know how financial results are arrived at and must disclose different aspects of the current financial position. As ratio analysis is a tool of interpretation, so classification may be an important tool both of ratio analysis and of interpretation in itself. Yet as ratio analysis depends on what may be termed "associable validity," so classification depends on serviceable grouping, for evidently there is no theoretical limit to classification, only a practical one. The tendency of modern thought is thus away from an emphasis on the possibilities of classification, towards an emphasis on its desirable objectives and the appropriate techniques for their attainment. Techniques must be subordinate to purpose, and the essential problem appears to be not how we can classify, but why we should classify in a particular way.

The authors include chapters on economic

income and social accounting, believing that the long-range aim of accountancy should be the evolution of financial statements in current purchasing power and that no survey of classification is complete without reference to social criteria. Whether such opinions are accepted or not, it is clear that different purposes may need widely different and even competing classifications. The essential problem seems to be the establishment of some central aim or aims in basic or supplementary accounts. Classification is subservient to these aims, and interpretation is the keynote.

Accordingly, while explorations of possible techniques may, and probably do, contribute to the progress of technical studies, immediate usefulness appears to depend either on a choice of purposes generally accepted as of fundamental utility or on the primary justification of purposes for which techniques are shown as appropriate. Modern interest is in *purpose* and without this emphasis classification studies seem to begin where, in effect, it is hoped to arrive. B. B. P.

THE PRINCIPLES OF INCOME TAXATION. By J. P. Hannan, LL.D. and A. Farnsworth, LL.D., PH.D. (*Stevens and Sons, Ltd., London. 582 pages. Price £3 3s. net.*)

If the authors of this absorbing treatise had seen fit to give it a sub-title nothing more appropriate could have been discovered than "A Symposium of Judicial



Decisions." That may seem a trifle florid, but it would indicate the literary quality of most of the quotations. It is this quality which makes the book so readable, although its real merit lies in the skill with which decisions have been collated and compared or contrasted, so as finally to distil the essence of judicial wisdom, for the stimulation and enlightenment of the studious reader.

Adam Smith propounded the principles of taxation in his four famous canons and the second of these emphasised that the liability should be clear and plain to the contributor. It is eloquent testimony to two centuries of economic development that the exposition of the principles of measurement of income as a taxable subject matter should now require a volume of nearly six hundred pages and the review of appreciably more than that number of judicial decisions. It is natural to regret the long-lost simplicity of fiscal principle, but the lawyer and the accountant will find this book a rewarding guide through present complexities—to the advantage, of course, of those who seek professional advice.

It is an intriguing thought that the first edition of the book, published in 1946, was compiled by the late J. P. Hannan, LL.D., a barrister and solicitor practising in Australia and for many years a member of the Commonwealth Taxation Board of Review. Even in the original work some 75 per cent. of the cases cited derived from English and Scottish Courts—seemingly another instance of unrequited exports!

The present edition has been refashioned largely by Dr. Farnsworth for the benefit of British practitioners and, unhappily, the untimely death of Dr. Hannan prevented complete collaboration. Many quotations appear from decisions of the Commonwealth Courts, and other countries are also represented. In fact, one of the most satisfying extracts is from a judgment of Mr. Justice Pitney of the Supreme Court of the United States in the case of *Eisner v. Macomber*. Having referred to a definition given in previous cases ("income may be defined as the gain derived from capital, from labour or from both combined") the learned judge went on to say:

Here we have the essential matter: not a gain accruing to capital, not a growth or increment of value in the investment; but a gain, a profit, something of exchangeable value proceeding from the property, severed from the capital, however invested or employed, and coming in, being "derived," that is, received or drawn by the recipient (the taxpayer) for his separate use, benefit and disposal; that is income derived from property. Nothing else answers the description.

That is followed immediately by an extract from the judgment of Chief Justice Jordan of the Supreme Court of New South

Wales in *Scott v. Commissioner of Taxation (N.S.W.)*:

The word "income" is not a term of art, and what forms of receipts are comprehended within it, and what principles are to be applied to ascertain how much of those receipts ought to be treated as income, must be determined in accordance with the ordinary concepts and usages of mankind, except insofar as the statute states or indicates an intention that receipts which are not income in ordinary parlance are to be treated as income, or that special rules are to be applied for arriving at the taxable amount of receipts.

The first excerpt defining the nature of income and the second the method of ascertaining its quantum are models of clarity and succinctness. One must pay tribute to the discernment and the industry in research which has brought them into such apt propinquity.

A. S. A.

**DIRECTORS' REMUNERATION FOR TAX PURPOSES.** By Philip Fisher, F.C.A. (*Clarity Publications, Ltd., 63a, Gt. Russell Street, London, W.C.1.* Price 21s. 6d. post free.)

The average accountancy practitioner is too fully immersed in keeping abreast with current law and practice and in keeping up to date in his office to have much time to sit back and take a critical and detached view of any particular statute. This book will make him consider whether he ought not to make time to do just that.

There is no question that in taxation legislation (in spite of the Income Tax Act, 1952!) there is a good deal of slipshod draftsmanship and loose use of particular words, and perhaps this is nowhere more pronounced than in legislation dealing with directors' remuneration. It is this particular section of the law which Mr. Fisher tackles with gusto. He sets out to show that not only the income tax officials, but all others, have been wrong in interpreting the statutory provisions. He would have us dig back into bygone years and make "error or mistake" claims in all appropriate cases for N.D.C., E.P.T. and Profits Tax, and one gathers that this is what he is himself doing.

One cannot but think that rather too much hangs on the inference which Mr. Fisher draws from the old "unreasonable and unnecessary expenses" provision for E.P.T. purposes (Section 32, Finance Act, 1940) which has been repeated in the current Finance Bill for E.P.L. Also he is rather inclined to make his own assumptions about the intention of the legal draftsmen. If it is intention he is after, he ought surely to go to Hansard to find (if he can!) what was the intention of Parliament.

Certainly any practitioner who is inclined to follow Mr. Fisher's example should first read through the whole of the arguments in this book and weigh them up carefully for himself. An assessment of this kind would have been made easier if Mr. Fisher

had provided a concise summary of the precise circumstances in which he thinks mistake claims should be made.

Whether other practitioners will be stimulated to fight the Inland Revenue or not, it will be interesting to see whether this intrepid champion succeeds in jostling them.

J. W. W.

## BOOKS RECEIVED

**PALMER'S EXAMINATION NOTE BOOK.** By Alfred Palmer, A.S.A.A., F.C.C.S. Eighth edition. (*Gee & Co. (Publishers), Ltd.* Price 15s. net.)

**LOGIC BEHIND THE CHARGE OF INCOME TAX.** By R. K. Dalal, B.COM., F.S.A.A., F.C.A. A paper read at the Bombay Region Chartered Accountants' Conference, October 1951. (*Published by the Author, 49-55, Apollo Street, Fort, Bombay.* No price stated.)

(See also page 294.)

## Letter to the Editor

### Tax Evasion

SIR,—I was interested to read Mr. C. Yates Lloyd's comments in your July issue on the subject of tax evasion, and I agree with Mr. Lloyd that recommendations from the accountancy profession to the Revenue could be helpful in reducing the prevalence of evasion.

The extent of tax evasion cannot, of course, be assessed, but the general opinion amongst wage and salary earners is that it is taking place on a very large scale amongst the small business community. If this is true, it is grossly unfair to all taxpayers who pay their just dues and demands. If it is not true, Mr. Lloyd's suggestion of a separate Court would at least make it apparent to the public that the tax evader did not escape quite so easily as might be thought.

In my opinion the most valuable aspect of the suggestion is that the publicity would in many cases be a far greater deterrent than the monetary penalty imposed at present in the majority of cases. I realise, of course, that the suggestion is a departure from the confidential basis on which taxation matters have rested in the past. Adequate safeguards would be essential and possibly only the findings of the Court where a case was proved should be made public.

A thorough investigation into the whole position is desirable from the point of view of the profession and the nation's interest.

Yours faithfully,

T. M. TOFT, B.SC.(ECON.),

Morecambe, Lancs.

A.A.C.C.A.

July 15, 1952.

## Legal Notes

### *Executorship Law and Trusts—Donatio Mortis Causa*

On February 6, 1950, L. was very ill but was not certain to die within a few days. She told P. that she was very near her end and was going to give to P. all her jewellery that was contained in a trunk and two safe deposits. She then handed to P. the key of her trunk, saying that the key of the first safe deposit was in the trunk and the key of the second safe deposit was in the first safe deposit. Six days later L. died.

In **Re Lillingstow, deceased** (1952, 2 A.E.R., 184), it was contended on behalf of the residuary legatee that on these facts there was no valid *donatio mortis causa* for two reasons: (a) L. intended to make an out-and-out gift of the jewellery and did not satisfy one of the requirements of a *donatio mortis causa* that she should reserve a right to resume dominion over the property if she recovered and (b) there was no effective delivery. Wynn-Parry, J., held that there was a valid *donatio mortis causa*. The gift was made in expectation of death and there was an implied condition that it should be held only in the event of death. As to delivery, there was undoubtedly good delivery of the jewellery in the trunk and in his view it did not matter in how many boxes the subject of a gift might be contained or that each, except the last, contained a key to open the next, so long as the scope of the gift was made clear, as it had been made clear in the case before him.

### *Executorship Law and Trusts—Construction of Revocatory Clause in Codicil*

By his will S. had devised his house on trust for F. for life and after her death for M.B. for life and after her death for such child or children of M.B. who might attain the age of twenty-one years as she might appoint, or failing such appointment for the son of M.B. who first attained the age of twenty-one years. In a codicil S. directed that the will should be read as if the name of M.B. did not occur therein and he then made other provision for M.B. and her children.

It was plain that this codicil revoked the beneficial interest of M.B. in the house, but it was a matter for argument whether it also revoked the rights of M.B.'s children and the powers of appointment among them given to M.B. In **Re Spensley's Will**

**Trusts** (1952, 2 A.E.R., 49) Vaisey, J., referred to the well-established principle that a codicil ought not to be construed as revoking a will except in so far as it did so necessarily—necessarily, that is, either by its express terms or by inevitable inference. Applying this principle, he held that the beneficial rights of the children had not been revoked. But the power of appointment was in a sense beneficial to M.B. herself and that power was revoked. It was therefore the gift over to children in default of appointment that was to take effect.

### *Contract and Tort—Title of Purchaser to Goods Sold Without Authority*

A problem that the Courts frequently have to face is to decide which of two innocent parties is to bear the loss occasioned by the dishonesty of a third party. There have been two examples of this problem reported recently, **Jerome v. Bentley** (1952, 2 A.E.R., 114) and **Du Jardin v. Beadman Brothers, Ltd.** (1952, 2 A.E.R., 160).

In the first case J., who owned a diamond ring, entrusted it to T., who was not a mercantile agent, with instructions to sell the ring, if he could, within seven days or else to return it. T. failed to sell the ring within the seven days but, instead of returning it, he sold it to B., an innocent purchaser, and pocketed the proceeds. T. was later convicted of the larceny of the ring as a bailee. J. sued B. for the value of the ring and B.'s answer was that, although T. had exceeded his authority, J. had not told B. of the limitation on that authority and therefore could not rely on it. Donovan, J., held that this answer did not prevail. At the time of the sale T. was not J.'s agent at all except perhaps for the purpose of safe custody of the ring: J. had done nothing to mislead B. and no property in the ring ever passed to B.

In the second case B., Ltd., agreed to sell a Standard car to G. upon terms that G. could take the car away but should not sell it until his cheque had been cleared and, further, that G. should deposit with them another car as security. Later that day G. resumed possession of this other car without the permission of B., Ltd., and although his cheque turned out to be worthless he sold the Standard to Du J., who bought in good

faith. The Standard came back into the hands of B., Ltd., and Du J. sued them.

By Section 9 of the Factors Act, 1889, where a person who has bought or agreed to buy goods obtains with the consent of the seller possession of the goods he can pass a good title to a bona fide purchaser, and the question was whether in the circumstances G. had obtained possession of the car with the consent of B., Ltd. Sellers, J., held that even though G.'s actions amounted to larceny by a trick, B., Ltd., had given their consent to his obtaining possession and therefore Du J. had acquired a good title.

### *Miscellaneous—Pedestrian Crossings*

It will be remembered that the regulations on pedestrian crossings were amended last year after considerable discussion both in Parliament and in the Press. By regulation 4 of the Pedestrian Crossings (London) Regulations, 1951:

every foot-passenger on the carriageway within the limits of an uncontrolled crossing shall have precedence within those limits over any vehicle and the driver of the vehicle shall accord such precedence to the foot-passenger, if the foot-passenger is on the carriageway within those limits before the vehicle or any part thereof has come on to the carriageway within those limits.

In **Leicester v. Pearson** (1952, 2 A.E.R., 71) the Divisional Court had to consider whether this regulation imposed an absolute obligation on a driver to give precedence to a foot-passenger or merely a duty to take reasonable steps to give precedence.

The driver of a motor-car had knocked a woman down on an uncontrolled crossing (that is, on a crossing where at the time the traffic was not controlled either by a police constable or by a light signal). The magistrate who tried the case found that the driver had not been negligent: the lighting of the road was so deceptive that he did not see the woman until he had nearly reached the crossing and then, when he put on his brakes, his car skidded on the wet road. On this finding the magistrate acquitted the driver. The Divisional Court upheld his decision, saying that the obligation placed upon the driver was not absolute. Their lordships pointed out, however, that probably only in an exceptional case would failure to see a foot-passenger not be due to negligence by the driver.

### *Inland Revenue Appointments*

The Board of Inland Revenue have appointed Mr. Alfred Road, C.B.E., to be Chief Inspector of Taxes in succession to Sir Charles Foulsham, who is retiring next October. Mr. Robert Bernard Waterer, C.B., has been appointed Solicitor of Inland Revenue in succession to Sir Bernard Blatch, M.B.E., who is also retiring in October.



# THE SOCIETY OF Incorporated Accountants

## REGISTRATION OF BYE-LAW CANDIDATES

AS FROM JULY 1, 1953, A CANDIDATE WHO decides to seek admission to the examinations under Bye-law 10 must make application to the Society for registration as a Bye-law candidate. An application for registration will not be accepted until the candidate has reached the age of 17½ years and has passed or obtained exemption from the Preliminary Examination.

Registration by itself will not give an automatic right of admission to the examinations, and a Bye-law candidate will not be permitted to sit for the examinations until he has completed the following periods of continuous and approved practical training since the date of registration:

Intermediate ... ..	3 years
Final: Part I ... ..	5 years
Part II or Parts I and II together	6 years

In the case of graduates of any of the recognised universities in the United Kingdom of Great Britain and Northern Ireland, and in Eire, the Council may, at its discretion, reduce the training periods specified above by not more than two years.

An application for registration as a Bye-law candidate must be accompanied by a certificate of service from the employer stating the duration of the applicant's service and the nature of his duties.

Subsequent applications to sit for the Intermediate and Final Examinations must also be accompanied by certificates of service from the employer which should include the duration of service, nature of experience to date, and confirmation that the application has the employer's support.

A Bye-law candidate will be required to notify the Society of every change in employment during his qualifying service. Continuance of registration will be dependent upon the Council being satisfied that the candidate is receiving training in accordance with the requirements of the Society, and any candidate may apply to the Society in order to assure himself in advance that any proposed change in employment will not affect registration.

Accountancy clerks who wish to proceed to the Society's Examinations but who have not as yet either sat for or made application for exemption from the Preliminary Examination are advised to do so before July 1,

1953. Failure to do so will nullify any previous service in the profession for the purpose of calculating the six years' service required under the Bye-laws.

## EXAMINATIONS, NOVEMBER 1952

THE SOCIETY'S EXAMINATIONS WILL BE HELD on the following dates:

Final: Part I	November 11 and 12, 1952.
Part II	November 13 and 14, 1952.
Intermediate:	November 13 and 14, 1952.
Preliminary:	November 13 and 14, 1952.

The centres will be Belfast, Birmingham, Cardiff, Dublin, Glasgow, Leeds, Liverpool, London, Manchester and Newcastle upon Tyne.

Completed applications, together with all the relevant supporting documents and the fee (Final, Part I, £3 3s.; Part II, £3 3s.; Parts I and II together, £5 5s.; Intermediate, £4 4s.; Preliminary, £3 3s.), must reach the Secretary, Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2, not later than Monday, September 22, 1952.

Candidates are asked to obtain application forms from the Honorary Secretary of their Branch or District Society.

## EXCESS PROFITS LEVY

It has been decided that questions on the provisions of the Finance Act, 1952, so far as they relate to the Excess Profits Levy, will not be set in the November 1952 examination papers.

## GENERAL CERTIFICATE OF EDUCATION

The Council has approved certain amendments to its requirements for exemption from the Society's Preliminary Examination under the General Certificate of Education. The revised requirements, which come into operation forthwith, are as follows:

- (a) The certificate must include a pass at Ordinary level in English Lan-

guage; Mathematics (not Arithmetic alone); and three other subjects, two of which must be chosen from (1) History, (2) Geography, (3) English Literature, (4) Latin or Greek, (5) a modern European language, (6) a natural science.

or

- (b) If either English or English Literature or Mathematics is taken at an Advanced level, the certificate need only contain English or English Literature; Mathematics (not Arithmetic alone); and two other subjects.

It will be observed that it is no longer compulsory for a certificate to contain a pass in History or Geography.

## DISTRICT SOCIETIES AND BRANCHES

### LONDON

THE TWENTY-THIRD ANNUAL MEETING OF the London and District Society was held at Incorporated Accountants' Hall on July 16. Mr. J. A. Jackson, the Chairman, presided.

The report and accounts were approved. Revised rules, which had been circulated among the members and had been approved by the Council of the parent Society, were adopted.

The retiring members of the Committee were re-elected. Three nominations had been received for a further vacancy: a ballot was held, and Mr. F. R. Squires was elected.

On the motion of Mr. C. J. F. Wilkinson, seconded by Mr. E. W. Sweeting, Mr. C. B. Hewitt was re-elected Honorary Auditor with a vote of thanks for his past services.

Mr. S. L. Pleasance proposed a vote of thanks to the Chairman, Mr. J. A. Jackson. This was carried with acclamation.

## LONDON STUDENTS' SOCIETY

### PRE-EXAMINATION COURSES

AS ANNOUNCED IN THE JULY ISSUE OF ACCOUNTANCY, pre-examination courses for both Intermediate and Final Examination candidates will be held in the autumn at Ashridge, Berkhamsted.

### Programme of Lectures

Intermediate Course—September 29 to October 4:

Mr. T. L. A. Graham, A.S.A.A.  
Schedule D Computations  
Notes on other Schedules  
Profits Tax

*Mr. O. Griffiths, M.A., LL.B., Barrister-at-Law*  
Negotiable Instruments  
Law of Contract  
Sale of Goods Act

*Mr. A. E. Langton, LL.B., F.C.A., F.S.A.A.*  
Estate Duty  
Executorship Accounts and Apportionments  
Branch Accounts

*Mr. W. W. Bigg, F.C.A., F.S.A.A.*  
Costing (2 lectures)

*Mr. A. R. Ilesic, B. COM.*  
International Monetary Systems  
Current Economic and Financial Problems

*Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A.*  
Income Tax Reliefs  
Capital Allowances

*Mr. T. W. South, M.A., Barrister-at-Law*  
Flotation of Companies and notes on  
Articles and Memoranda of Association  
Company Law

*Mr. A. G. Simmonds, F.S.A.A.*  
Valuation of Shares: Depreciation, Reserves,  
Sinking Funds, Incomplete Records  
Auditing

*Mr. R. Glynn Williams, F.C.A.*  
Miscellaneous Accounts  
Accounts in Liquidation, Bankruptcy and  
Deeds of Arrangement  
Partnership Accounts

*Mr. R. R. Coomber, B.Sc. (ECON.), F.C.A., F.S.A.A.*  
Company Accounts

Final Course—Part I—October 4 to  
October 6:

*Mr. R. Glynn Williams, F.C.A.*  
Partnership Accounts  
Amalgamations and Reconstructions  
Accounts in Liquidations and Bankruptcies

*Mr. A. E. Langton, LL.B., F.C.A., F.S.A.A.*  
Executorship and Trust Accounts  
Estate Duty  
Group Accounts  
Branch Accounts

*Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A.*  
Taxation Problems in Accounts

*Mr. A. G. Simmonds, F.S.A.A.*  
Rights and Duties of the Auditor  
Audit Programmes

*Mr. W. W. Bigg, F.C.A., F.S.A.A.*  
Cost Accounts  
Interpretation and use of Financial and  
Costing Statements

Final Course—Part II—October 6 to  
October 9:

*Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A.*  
Profits Tax  
The Finance Act, 1952

*Mr. T. W. South, M.A., Barrister-at-Law*  
Flotation and Winding-up of Companies  
Law of Receivership  
Company Law—Rights and Duties of Share-  
holders, Directors, etc.  
Partnership Law

*Mr. L. A. Hall, A.C.A., A.S.A.A.*  
Income Tax Reliefs  
Schedule D Computations

*Mr. O. Griffiths, M.A., LL.B., Barrister-at-Law*  
Law of Contract and Law of Agency  
Trustees  
Executorship Law

*Mr. H. C. Edey, B. COM., A.C.A.*  
International Monetary Systems  
Current Economic and Financial Problems

The charges, which include food, accom-  
modation and transport to and from  
Berkhamsted station, are as follows: Inter-  
mediate Course, £8; Final Course—Part  
I only, £4; Final Course—Part II only,  
£4; Final Course—Parts I and II, £8.

These courses are open to examination  
candidates from any part of the United  
Kingdom and the Republic of Ireland.  
Application forms may be obtained direct  
from the Secretary of the London Students'  
Society at Incorporated Accountants' Hall,  
or from Honorary Secretaries of District  
Societies. The closing date for receiving  
applications is Monday, September 8.

## HULL

### REPORT

THE MEMBERSHIP IS 124 SENIORS and 204  
students (compared with 120 seniors and  
219 students on March 31, 1951).

Two lectures have been held for qualified  
members and ten for examination candi-  
dates. The North Lincolnshire Region, in  
conjunction with other local professional  
organisations, has also provided nine  
lectures for students at Grimsby and  
Scunthorpe. The students' meetings have  
been well supported.

The District Society held a second week-  
end course for students at Thwaite Hall,  
Cottingham, from April 4 to 6, which was  
well attended. The thanks of the Committee  
are due to Mr. Henry Scott, the course  
secretary.

Monthly luncheon meetings have been  
held through the winter.

Eight Final and 23 Intermediate students  
are congratulated on their success in the  
1951 examinations. In addition, four passed  
Part 1 and four Part 2 of the Final Examina-  
tion.

## WEST OF ENGLAND

THE ANNUAL MEETING WAS HELD ON JUNE 25,  
the President, Mr. R. F. Emmerson,  
occupying the chair.

The report and accounts were adopted.  
The retiring members of the committee  
were re-elected, and Mr. P. K. Pitt, Mr.  
S. T. H. Tarr, Mr. J. R. Pearson, and Mr.  
N. J. L. Brown were elected as additional  
members.

Mr. John S. W. Bernard was elected  
honorary auditor in place of Mr. G. C.  
Salisbury, who for reasons of health was  
leaving the District Society's area. A vote

of thanks was passed to Mr. Salisbury for  
his work as honorary auditor for several  
years.

A vote of thanks to the President was  
carried with acclamation.

At a subsequent committee meeting, Mr.  
R. F. Emmerson was re-elected President  
and Mr. Harold F. Leach Vice-President.

# Results OF EXAMINATIONS

MAY 1952

## FINAL EXAMINATION PARTS I AND II \*

### Honours Candidates (5)

KING, Gerald James (with Peplow & Co.),  
Newton Abbot. (*First Certificate of Merit and First  
Prize.*)

BROOK, Philip (with Firth, Parish & Clarke),  
Bradford. (*Second Certificate of Merit.*)

EVANS, Frederick Leonard (with Keens, Shay,  
Keens & Co.), Bedford. (*Third Certificate of  
Merit.*)

NARIELVALA, Pestonji Mancherji (formerly  
with S. R. Batliboi & Co.), Calcutta. (*Fourth  
Certificate of Merit.*)

COOPER, Peter Robert (with Deloitte, Plender,  
Griffiths & Co.), London. (*Fifth Certificate of  
Merit.*)

### Candidates Passed (220)

**Abergavenny**—Evans, Mavis (with Dorrell,  
Oliver & Co.).

**Bath**—SHORE, Norman Henry (with Albert  
J. Pope & Son).

**Batley**—GARNETT, Samuel Raymond (with  
Tom Jackson).

**Belfast**—BALL, Dermot Henry (with W.  
Campbell Watson & Co.); REID, Randall Isaac  
(with Beattie & Graham); SPILLER, Michael  
Macnaughton (with Hill, Vellacott & Bailey).

**Birmingham**—HUSSEY, Bernard (with  
Bowker, Stevens & Co.); PEARSALL, Hubert  
George (formerly with Clement Keys & Son);  
RIGG, Ronald Leslie (with Howard Smith,  
Thompson & Co.); TUSTIN, James Frederick  
William Thomas (with Newton & Co.).

**Blackburn**—LOVEJOY, Ronald Charles (with  
John Naylor & Son).

**Blackpool**—BOOTH, John Alan (formerly  
with Bowman, Grimshaw & Co.); GOODWIN,  
Ronald Blackshaw (with William Harling).

**Bombay**—KAPADIA, Pesi Jamshedji, B.COM.  
(formerly with S. B. Billimoria & Co.); RAO,  
Gady Krishna (formerly with A. Seshagiri  
Rao); TATA, Yazed Homi, B.COM. (formerly  
with S. B. Billimoria & Co.).

**Bournemouth**—LEWIS, Albert Ronald (with  
Clifford J. B. Andrews).

\* This list includes the names of candidates  
who had previously satisfied the Examiners in  
one Part, and have now completed the Final  
Examination by passing the other Part.



**Bradford**—BENN, Albert Arnold (with A. E. Ellison & Co.); HUTCHINSON, Arnold (with Auker, Horsfield & Longbottom); SEARLE, Stanley Richard (with Armitage & Norton); SHAW, John Bernard (with Frank Dean); SUGDEN, Deryck Spencer (with Maurice Bailey & Co.); TAYLOR, Allan (with Armitage & Norton).

**Brighton**—BUCKWELL, Edwin Richard (with Carpenter, Arnold & Turner); EASTWOOD, Frederick Alan (with Walpole, Harding, Vidgeon & Elliott); HARDIMAN, Eric Vivian (with Spain Brothers, Dalling & Co.).

**Bristol**—CASLING, Maurice George (with Sidney Foster & Sons).

**Bromley**—PIPER, Harry Norman (with B. Grugeon & Co.).

**Calcutta**—BENNETT, Frank Constantine Denis (formerly with Price, Waterhouse, Peat & Co.); GHOSE, Tapan Kumar, M.Sc. (formerly with S. K. Basu & Co.); MITRA, Salil Kumar, B.Sc. (formerly with G. Basu & Co.); NANDI, Jitendra Nath, B.A. (formerly with B. B. Chakravarti).

**Cardiff**—GEORGE, Howard Granville (with J. Wallace Williams & Co.); POWELL, Derek Llewellyn (with Ralph Burford & Son); RADFORD, Alan Charles (with Alfred D. Thomas); TOVELL, Laurence (Ministry of Housing & Local Government).

**Cork**—RIORDAN, Patrick Joseph (formerly with Stapleton & Co.).

**Dartford**—OMAN, Kenneth Alfred (with Walter T. Mills).

**Derby**—CATO, Brian Guthrie (with Nutt, Horne & Co.).

**Doncaster**—RUTHERFORD, Derek Thomas Jones (with Watson, Waddington & Sharp).

**Dublin**—BLAIR, John Murray (with Cooper & Kenny); FAHY, Anthony (with Pelham Plunkett & Co.); MCCARRY, Gerald Francis (with R. Stephen & Co.); MCKEE, Harold Leslie (with J. A. Kinnear & Co.); O'FARRELL, Seamus Augustine (with F. R. O'Connor); WILDGUST, Alan John (with J. A. Kinnear & Co.).

**Dundalk**—O'CONNOR, John Anthony (Inland Revenue).

**Eastbourne**—GENTLEMAN, Robert George (with Holmes, Price & Co.).

**Eastleigh**—BAKER, Derek Roy (with Beal, Young & Booth).

**Fleetwood**—DUNN, Cameron Haywood (with T. & H. P. Bee); HOLLAND, John Joseph (with James Sutcliffe).

**Glasgow**—GIBSON, Robert (City Chamberlain's Department).

**Great Yarmouth**—DAVIS, John Gordon (Borough Treasurer's Department).

**Grimsby**—ELLERBY, Brian (with Forrester, Boyd & Co.).

**Halifax**—WRIGLEY, Albert Alan (with Charles L. Townend & Co.).

**Harrogate**—BELL, Frank (with John Gordon, Harrison, Taylor & Co.).

**Huddersfield**—SYKES, Fred (with Armitage & Norton).

**Hull**—COOKE, Thomas (with Hodgson, Harris & Co.); JACKSON, Ronald Frederick (with Hodgson, Harris & Co.); ORRY, Raymond Louis (with Hodgson, Harris & Co.); RYAN, James (with Hodgson, Harris & Co.); SKINNER, Richard (with Hodgson, Harris & Co.); STUBBS, Frank (with Hodgson, Harris & Co.).

**Hyde**—PANGBURN, Jack (with Wm. Chadwick & Sons).

**Keighley**—PUGH, Ronald (with Smith, Dolby & Co.).

**Leeds**—ALLOTT, William Alfred (with Armitage & Norton); BARRON, David Fred (with E. Freedman & Co.); CALVERLEY, William Harry (with Edward S. Booth); CARTER, George (with Wheawill & Sudworth); CROWTHER, Ronald (with John Gordon, Harrison, Taylor & Co.); HOLMES, George Herbert (with Smithson, Blackburn & Co.); INGRAM, Arnold (formerly with Hollings, Crowe, Storr & Co.); PAGE, Anthony William (with Frank Hall); RAWSON, Kenneth (with Armitage & Norton); WOOD, Frank (with Smith & Garton); WOOD, Reginald Leonard (with Peat, Marwick, Mitchell & Co.).

**Leicester**—BOOTHBY, Harold (with Taylor, Froude & C. R. Riddington); CASTELL, Geoffrey Ernest (with Wykes & Co.); FLETCHER, Geoffrey Croft (with Alfred G. Deacon & Co.); GREEN, Raymond John (with Newby, Dove & Rhodes); NAYLOR, Kenneth Thomas Hedley (with Thomas May & Co.); SMITH, Ernest Frederick (with Rivington, Garner & Co.).

**Limerick**—RYAN, John (formerly with Metcalfe, Lilburn & Enright).

**Lincoln**—LUNLEY, Denis Arthur (with J. Nicholson & Co.).

**Liverpool**—BARLOW, Harold (with Chalmers, Wade & Co.); CRAWFORD, William Keith (with Langton & MacConnal); HEENEY, George Francis (with Langton & MacConnal); KING, Norman Alfred (formerly with Pruddah, Eilbeck & Co.); MOTTRAM, Kenneth Charles (with H. A. F. Brookes); WALSH, Francis Anthony (with E. G. Bresnan & Co.).

**London**—ADAMS, Stanley William John (with Allen, Baldry, Holman & Best); ANGELONI, Hernando Laurence (with Landau, Morley & Scott); BARNARD, Christopher Martin (with Geo. Little, Sebire & Co.); BARRON, John Ernest (Port of London Authority); BELL, Alexander Walter Parsons (with Baker, Sutton & Co.); BELL, Christopher (with Stevenson, Chapman & Co.); BIRNE, Stanley (with Landau, Morley & Scott); BLACKMUR, Raymond Frederick (with Alabaster, Stray & Clogg); BOLDEN, Frederick Albert (with Rawlinson & Hunter); BRAND, Ronald Henry Albert (with Alfred Wright & Co.); BROOKS, Kenneth (with Blakemore, Elgar & Co.); BRUNTON, Frederick Ernest (with Moore, Stephens & Co.); BRYETT, Cyril (with H. W. Fisher & Co.); BUCKLE, Stanley William (with

Hereward, Scott, Davies & Co.); BURGESS, Alfred Leslie (with Porritt, Rainey & Co.); BURN, Douglas Wolley, B.A. (with Deloitte, Plender, Griffiths & Co.); CHARLEY, Colin Gordon (with Hughes & Allen); CLISSOLD, Albert Joseph (with Shipley, Blackburn, Sutton & Co.); COX, Colin Alexander (with E. C. Price, Son & Reid); DODD, Michael David (with Batty & Co.); DYER, Alan Watson (with Luff, Smith & Co.); FROWDE, Stanley Thomas (with Binder, Hamlyn & Co.); FRYE, Eric (with H. N. Murray & Co.); GLUCK, Michael Bertram (with Hepburn, Hagley & Knight); GOBEY, John Mayoss (with Deloitte, Plender, Griffiths & Co.); GOLEND, Maurice (with Leigh & Sorene); GROOME, Gerald Huntley Glindon (with Midgley, Snelling & Co.); GROSS, Alexander (with P. J. Moss & Co.); HADLAND, Beryl Rosemary (with Beaton, Hewson & Co.); HARRIS, Francis Anthony (with Whinney, Smith & Whinney); HARRIS, Stanley Warrington (with Lithgow, Nelson & Co.); HOARE, John Edward (with Cooper Brothers & Co.); HOPKINS, George William (Borough Treasurer's Department, Hendon); HUTCHINGS, Doris Hilda (with Fitzpatrick, Graham & Co.); JACKSON, Robert Joseph Keith (with J. E. Denney, Bogle & Co.); JOHNSON, Kenneth Walford (Chamberlain of London's Office); JONES, Geoffrey John Charles (with Clarkson & Rumble); JONES, Keith Percival (with W. A. Browne & Co.); JOY, Cyril Marcus (with Holmes-White, Herbert & Co.); KARUNALINGAM, Arulampalam, B.Sc. (with Moustardiers); KEETCH, Wilfred (with G. Russell & Co.); KEYSE, John Ernest Samuel (with Eric Phillips & Co.); LYALL, Victor (with C. H. J. Lewis); MACAULAY, Neil John (with Smith, Blyth & Co.); MADDOCK, Frederick Ralph (with Pawley & Malyon); MARSH, Stephen Edward (with Jackson, Taylor, Abernethy & Co.); MILES, James Alfred (with Alexander B. Neil & Co.); MOUNTFORD, William Robert (with Rawlinson & Hunter); NIELSEN, Norman Valdemar Schaldemose (with Cooper Brothers & Co.); NIXON, Ernest Henry (with Moore, Stephens & Co.); PARKINS, Cyril James (formerly with Moores, Carson & Watson); PENFOLD, Raymond Henry John (with McCann, Bentley & Co.); RAPPITT, Roy James Benjamin (with Cash, Stone & Co.); REINSTEIN, Charles (with Brebner, Allen & Trapp); RIMINGTON, Richard John (with Dixon, Wilson, Tubbs & Gillett); ROBERTS, Kenneth Thomas (with Dixon, Wilson, Tubbs & Gillett); RODGERS, Geoffrey (with Alfred

	HONOURS						
	FINAL			INTERMEDIATE		PRELIMINARY	
	5			8		1	
				SUMMARY			
				Final			Modified
	Parts I & II	Part I	Part II	Inter-mediate	Pre-liminary	Pre-liminary	
Candidates Passed	86	334	145	420	52	20	
Candidates Failed	121	387	61	371	113	24	

47 Candidates who sat for Parts I and II of the Final Examination satisfied the Examiners in Part I only.

51 Candidates who sat for Parts I and II of the Final Examination satisfied the Examiners in Part II only.

Trotter & Co.); ROGERS, George Edward (with Bright, Grahame, Murray & Co.); ROSS, Bernard (with Spiro, Sargent & Co.); SERGEANT, Ronald William, B.COM. (with Price, Waterhouse & Co.); SHAW, Henry (with C. H. J. Lewis); SHAW, Henry Walter (with Geo. Little, Sebire & Co.); SIZMUR, John Arthur George (with Deloitte, Plender, Griffiths & Co.); SMITH, Richard Alan (with Whinney, Smith & Whinney); SMYTH, Kenneth Frederick George (with F. W. Stephens & Co.); STANLEY, Eric George (with London, Heath & Co.); STEPHENS, Charles Murray (with Crick & Bussell); STEPHENS, Dennis Raymond, B.A. (with Turquand, Youngs & Co.); SUTTERBY, Kenneth Aubrey (formerly with Peat, Marwick, Mitchell & Co.); WHITE, David Allan (formerly with Slater, Dorniny & Swann).

**Loughborough**—NURSE, Roger Denis (with William H. C. Wayte).

**Lowestoft**—ALCOCK, Derek Arnold (with Tunbridge, Lacey & Co.); GILL, Alan John (with Tunbridge, Lacey & Co.).

**Macclesfield**—BERESFORD, Arthur (Borough Treasurer's Department).

**Maidstone**—FULLER, Stewart Alfred (Borough Treasurer's Department).

**Manchester**—BAKER, Thomas Arthur (with Ashworth, Mosley & Co.); CHIGNELL, Sidney Frank (with S. E. Cottam & Co.); GODDARD, Dennis Roy (with Geo. A. Marriott, Rogerson & Co.); MURRAY, Alan John (City Treasurer's Department); SMITH, Robert Eric (with E. O. Mosley & Co.).

**Nairobi**—ADAMS, Mervyn Hampton (with Dunstan Adams & May).

**Newcastle-under-Lyme**—ELLIOTT, James Philip (with W. S. Tomlinson).

**Newcastle-upon-Tyne**—ELLIOTT, Kenneth Stanley (with Thomas Rodger & Co.); HOGO, Cyril (with Albert Bell & Allan); McNICHOL, George Alexander (with J. W. Armstrong & Sons).

**Newport, Mon.**—GUILFOYLE, Thomas (with Walter Hunter, Bartlett, Thomas & Co.).

**Northampton**—HOBBS, John William (with F. Roberts & Co.); RISDALE, Keith Henry (with Baker & Co.); TURNER, William Herbert (with H. Bullard).

**North Harrow**—STAGGS, Henry Frederick (with Nicholson, Fraser & Co.).

**Nottingham**—COXON, Rodney Harold Thomas (with Winkley & Clarke); GALE, Alan Michael (with Burrows & White); GILLOTT, Clifford Whitworth (with Prior & Palmer); HUTCHINSON, Maurice Harry (with Robt. A. Page & Co.); PALMER, Ronald (with Carlisle, Ray & Co.); SMITH, Kenneth Godfrey (with Mellors, Basden & Mellors).

**Otley**—ARION, Benjamin (formerly with Hollings, Crowe, Storr & Co.).

**Paris**—RUMBELOW, Edwin Norman, B.COM. (with Price, Waterhouse & Co.).

**Peterborough**—SMITH, Geoffrey Frank Malcolm (with Stephenson, Smart & Co.).

**Poole**—MOXHAM, Donald Sydney (with Wheatley, Pearce & Co.); PULSFORD, Harold George (with Edwin G. Pulsford).

**Richmond**—PUGH, Alfred John (with Meeson, Makinson & Co.).

**Sheffield**—COATES, Sydney Raymond (with Walter Moore & Co.); GREEN, Harold (with J. Wortley & Sons); STEAD, Dennis (with

Macredie & Evans); SUCH, Herbert William (with Kirkman, Manning & Kay).

**Shrewsbury**—KENT, Brian Stanley (with Harper, Kent & Wheeler); PENFOLD, Bernard Wilfrid (formerly with Asbury, Riddell & Co.); STOTT, Kenneth Entwistle (with Harper, Kent & Wheeler).

**Southampton**—BONELLA, Donald (with Radford, McColl & Co.); FRAY, Dennis Reuben (with Bernard J. C. Buckle); HENDER, William Thomas (with Beal, Young & Booth); WALDRON, Raymond Ansell (with Woolley & Waldron).

**Southend-on-Sea**—CAMMIDGE, Peter Robert (with Rickard & Co.).

**Spalding**—MOORE, Harry Anthony Colin (with Stephenson, Smart & Co.).

**Sunderland**—DOUGLAS, Thomas Hudson (with Laverick, Walton & Co.).

**Swansea**—DAVIES, John Graham (with Brinley Bowen, Mills & Co.); HOWELL, Gerald (with Ashmole, Edwards & Goskar).

**Tiverton**—SYMONS, Kenneth Albert (with Goodland, Bull & Co.).

**Wakefield**—SWAINE, Gordon Trevor (with G. A. Taylor).

**Waterford**—DOWNEY, Maurice Edmund (with T. R. Chambers, Halley & Co.); O'BRIEN, Michael Joseph (with W. A. Deevy & Co.).

**Wednesbury**—TYLER, Percy Gilbert (Deputy Borough Treasurer).

**Wellington**—SWANNELL, Gordon (with Phillips & Halliday).

**Winchester**—DAISH, Peter Raymond (with Kendall, Galloway & Smith).

**Wisbech**—ALLCOAT, Michael Victor (with Stephenson, Smart & Co.).

**Worcester**—BRIDGES, Graham Albert (with Rabjohns, Leopard & Co.); CLIFFORD, Robert John (City Treasurer's Department); SHIPP, Thomas Henry Neale (County Treasurer's Department).

**Worthing**—MASTERS, Leonard Edward Victor (with Walpole, Harding, Vidgeon & Elliott).

## INTERMEDIATE EXAMINATION

### Honours Candidates (8)

**DARBYSHIRE**, Edward (with Jones, Crewdson & Youatt), Manchester. (*First Place Certificate and First Prize.*)

**DODRIDGE**, Dennis Olphert (with James & Cowper), Newbury. (*Second Place Certificate and Second Prize.*)

**GUEST**, Jack Bernard (with Peterken, Barnes & Co.), London. (*Third Place Certificate and Third Prize, bracketed.*)

**DENNISON**, John William Alexander (with Whinney, Smith & Whinney), London. (*Third Place Certificate and Third Prize, bracketed.*)

**LEE**, David Edwin (with Bolton, Pitt & Breden), London. (*Fifth Place Certificate.*)

**SUTHERLAND**, Dennis Alfred (with Simpson, Wreford & Co.), London. (*Sixth Place Certificate bracketed.*)

**BROOK**, Frank (with Matthews, Brooke, Taylor & Co.), Halifax. (*Sixth Place Certificate, bracketed.*)

**KILLEEN**, Roy Edward (with Slater, Dorniny & Swann), Cambridge. (*Eighth Place Certificate.*)

### Candidates Passed (412)

**Aberdeen**—MCLEOD, Andrew (with Jan Henry Reid & Son).

**Aylesbury**—BAYLISS, Basil Peter Mark (with S. W. Bayliss).

**Barking**—THOMPSON, Henry Joseph (with James Train & Co.).

**Bath**—CLAYPOLE-WHITE, Douglas Eric (with Mundy, Brewer & Johnson); INGRAM, John Charles (with Harrison Smith & Haughton); PEARCE, Donald Sutherland (with Mundy, Brewer & Johnson).

**Bedford**—BOYLES, Geoffrey (with Parrott & Cornelius).

**Belfast**—CROMIE, Joseph Alexander (with Rawlinson, Allen & White); GREER, William Courtney (with Winnington Adams & Co.); HARBINSON, Robert Benjamin (with Shaw, Leslie & Shaw); MCCLEARY, William (with Oliver & Spence).

**Birmingham**—BENTLEY, Frank George (with B. T. Davis & Co.); BOWKETT, Edward Walter (with L. W. Stone, Watson & Co.); COLLARD, Edward George (with Howard Smith, Thompson & Co.); CRUM, John Robert (with Rubery & Co.); DAVIES, Michael John (with Russell, Durie, Kerr, Watson & Co.); GEORGE, Harold (with H. Smith Thompson); HILL, Roy Harold (with T. Harold Platts & Co.); HUMPHRIES, Alfred (with Sharp, Parsons & Co.); HUTCHINS, Robert William (with Hewitt, Chapman & Co.); KING-BRITTON, Peter John (with Harold Brown & Co.); OWEN, Peter John (with Griffin & Co.); PENROSE, David Alfred (with George A. Touche & Co.); REES, John Kelvin (with Howard, Smith, Thompson & Co.); TAYLOR, Derek John (with Herbert, Pepper & Rudland); THORNTON, John Geoffrey (with Harold Brown & Co.); WEBB, James Maurice (with P. H. Stone & Co.); WHATSON, Ronald Thomas (with Peat, Marwick, Mitchell & Co.).

**Blackpool**—DUNN, Raymond (with F. W. Coope & Co.); HARTLEY, Neville (with Kneeshaw, Moffatt & Co.).

**Bombay**—CYRIAC, E. Jacob (formerly with Gondalia & Mandviwalla).

**Boston**—SAUNDERS, Norman Stanley (with Stephenson, Smart & Co.).

**Bournemouth**—CLAPTON, Frank Ronald (with Bradley, Slater & Ratcliffe); EALES, Christopher Owen Staniford (with Malpas, Simmons & Co.).

**Bradford**—BARKER, Peter (with R. Russam & Co.); BROADLEY, Thomas Francis (with Thoseby, Son & Co.); CLARKE, Vincent Charles (with Smith & Hayward); KILBURN, Jack (with Rhodes, Stringer & Co.); KRAUSE, David Michael (with Rushworth, Ingham & Rhodes); PEARSON, John Richard (with Rawlinson, Greaves & Mitchell); RUSHWORTH, Victor (with Charles D. Buckle & Co.); SMITH, Steven (with Smith & Hayward); STOW, William Keith (with Holden & Bamford); WALTON, Derrick (with Armitage & Norton).

**Bridgend**—MORRIS, Douglas Edward (with Tudor Davies); PASCOE, Cyril Pierre (with Henry Horrocks); REID, John Martin (with Tudor Davies).

**Bristol**—ENGLAND, Jack Edward (Co-operative Wholesale Society); VARCOE, John Hedley (with E. S. H. Brooke-Smith).



**Bromley**—SIMMONDS, Gordon William (with B. Grugeon & Co.).

**Bury**—PRESTWICH, Geoffrey (with James Hope, Sons & Co.).

**Calcutta**—CHATTOPADHYAY, Anil Kumar, M.A. (formerly with S. K. Ghosh); DASDALAL, Ajit Kumar (formerly with S. K. Ghosh); HALDER, Tapas Ranjan (formerly with Kar Sen & Co.); SENGUPTA, Jagadananda, B.COM. (formerly with P. K. Mitra & Co.).

**Cambridge**—PARSONS, Kenneth Thomas (with Peat, Marwick, Mitchell & Co.).

**Cardiff**—ASHTON, Michael (with Wentworth Price, Gadsby & Co.); BEASLEY, Michael Charles, B.S.C. (County Treasurer's Department); BREWER, Peter Raymond (with Deloitte Plender, Griffiths & Co.); HERRERA, David John Brendon (with Watts, Gregory & Co.); ISAAC, Hywel Glyn (with J. Pearson-Griffiths); JONES, Graham Radcliff (with Richard Leyshon & Co.); MAPLE, Frederick James (with Richard Leyshon & Co.); MARGERISON, Keith (with Sweeting, Pearce, Davies & Co.); PHILLIPS, Malcolm Alister (with Ross, Jones & Co.); THOMAS, Norman Gerard (with Ross, Jones & Co.).

**Carlton**—JONES, Ernest (Treasurer's Department).

**Chester**—CLIFFE, Paul Grenville (with Haswell Bros.).

**Chichester**—CHICK, Hubert Cecil Zetland (with Arthur Piper).

**Cirencester**—ANDERSON, Geoffrey Maurice (with Midwinter & Rhodes).

**Clacton-on-Sea**—DUCKER, Maurice Henry Jack (with Norfolk, Pawsey & Co.).

**Clitheroe**—MITCHELL, Douglas (Borough Treasurer's Department).

**Coalville**—GOODRUM, Ian William (with Elvestone & Co.).

**Coatbridge**—WATSON, Alexander Shanks (Town Chamberlain's Office).

**Cobham**—LEGG, Leslie Harry James (with H. J. Wellden).

**Colchester**—ALLINGTON, Neville Silvester Hyam (with Bland, Fielden & Co.).

**Cookstown**—DEVLIN, John, B.COM. (with Harold F. Bell).

**Coventry**—HANNAH, David George (with Deacon, Guild & Co.); LEIST, Stuart Douglas (with Deacon, Guild & Co.).

**Croydon**—BRADSTREET, Robert Leonard (with A. H. Knight & Co.).

**Darlington**—LEES, Clifford Rowland (with Peat, Marwick, Mitchell & Co.); SPRATT, Harold Anthony (with Peat, Marwick, Mitchell & Co.).

**Dartford**—AKERS, Eric Harold Arthur (Treasurer's Department).

**Darwen**—POLLARD, Alan Morgan (with Hindle & Jepson).

**Delhi**—MALHOTRA, Romesh Nath, B.A. (formerly with K. P. Soni & Co.).

**Derby**—WARDEN, James Roy (with Cooper-Parry, Hall, Doughty & Co.); WILLIAMSON, Brian (with Wm. Harold Warren & Co.).

**Dewsbury**—HILL, Jeffrey (with Walter Dawson & Son); MILNER, Robert Jackson (with Walter Dawson & Son); SMITH, Ivor (with Harrison, Hanson & Co.).

**Didcot**—BRAYSHAW, James Sydney (with W. S. Brayshaw & Co.).

**Douglas**, I. O. M.—COWIN, Robert William (with W. H. Walker & Co.).

**Dublin**—ELDER, Ronald Ivan (with Craig, Gardner & Co.); KEOGH, Thomas Joseph (with Dempsey, Mullen & Co.); MCCULLOUGH, William Bruce (with R. J. Kidney & Co.); MACMAHON, Patrick Oliver Plunkett, B.A. (with Niall & Co.); MURPHY, Bryan Anthony Gregory (with J. A. Kinnear & Co.); O'HARA, Brian Patrick (with J. A. Kinnear & Co.); ROCHE, Michael Joseph (with Kennedy, Crowley & Co.).

**Dudley**—JAMES, Samuel (with C. W. George & Co.).

**Dundalk**—VAN DESSEL, Jan Bernard (with Martin & Co.).

**Eastleigh**—ASTBURY, Ivor Charles (with Beal, Young & Booth).

**Edinburgh**—PATERSON, George (Department of Health); SCOTT, Ivan St. Clair (Department of Health).

**Fareham**—FISHER, Ralph Austen (with A. J. Palmer & Co.).

**Fleet**—DREW, Barry Gordon (with Davis, Kellie & Co.).

**Gillingham, Dorset**—UNDERWOOD, Patrick (with Lanham & Francis).

**Glasgow**—GEMMILL, David Todd (with A. C. Gemmill); ROBINSON, Samuel (with Thomas Smith & Sons).

**Greenock**—BROWN, John Dewar (with James & J. H. Paterson); ROBERTSON, Thomas (with James & J. H. Paterson).

**Grimsbay**—CHAPMAN, Richard Walwyn (with Arthur Martyn).

**Guernsey**—LE PREVOST, Roy John (with Black, Geoghegan & Till).

**Halifax**—KENDALL, Peter (with Kilby, Sutcliffe & Co.).

**Harrow**—MEAD, Michael Frederick (with E. T. Mackrill).

**Haywards Heath**—EDWARDS, William John (with Ralph D. Higgs, Foreman & Co.); HEAVER, Richard Stanley (with Ralph D. Higgs, Foreman & Co.).

**Herne Bay**—NETTLETON, Jeremy Shaw (with S. W. Marshall & Co.).

**High Wycombe**—CHILTON, Albert Edmund Sidney (with R. M. Blaikie).

**Hinckley**—JOY, John Charles Henry (Borough Treasurer's Department).

**Horsham**—COLE, Michael James Eaton (with Philip T. Bryant).

**Hove**—HEASMAN, John Reginald (with Clark, Browncombe & Co.); LILLYWHITE, Peter Thomas (with Russell, Fleming, Boys & Co.).

**Hull**—BAKER, Harold William (with Hodgson Harris & Co.); MASSON, Joseph Anthony (with Buckley, Hall, Devin & Co.); RICHARDSON, Geoffrey (with Tranmer & Raine); WELLS, John Frederick (with Butterell & Ridgway).

**Hungerford**—WHITMAN, Roy Arthur (with Harmon Smith & Co.).

**Hyderabad**—MUHAMMAD, Karimuddin, B.A. (formerly with S. B. Billimoria & Co.).

**Kendal**—GARSIDE, John Frederick (with W. H. Stables).

**Leeds**—CROWTHER, Trevor Gordon (with Thos. Hayes & Sons); DAWSON, George (with E. Freedman & Co.); HICKS, Thomas Henry (with Victor Walton & Co.); HUTTON, William (with Victor Walton & Co.); LINDSAY, Gilbert Blair (with Whitfield & Co.); LISTER, Joseph Kenneth (with Wheawill & Sudworth); MYERS, Stanley Barry (with A. France & Co.); PICKERS-GILL, Geoffrey (with S. R. Fuller & Co.);

RANDERSON, Bernard Joseph (with Croudson & Co.); STEAD, Arthur (with Peat, Marwick, Mitchell & Co.).

**Leicester**—BAILEY, Derek Michael (with Taylor, Froude & C. R. Riddington); CATLIN, Alan George (with S. & S. A. Holyland); LONGLAND, John Charles (with Baker Bros. Halford & Co.); RUSSELL, John Alan (with Henry Lawrence & Co.); SMITH, John Anthony (with Newby, Dove & Rhodes).

**Lincoln**—SIMPSON, Maurice Clifford (with J. Nicholson & Co.).

**Liverpool**—ARNO, Joseph Charles (with Alexander Critchley); CANNAN, Michael Barry (with John Airey & Co.); CHARLES, Michael David (with W. T. Walton & Son); DUCKETT, Colin (with Alexander Critchley); FELL, William Rees (with Harwood Banner, Lewis & Mounsey); FLEMING-YATES, Robert (with Edward S. Goulding & Co.); HEAD, Raymond (with Chalmers, Wade & Co.); HOWELL, Albert (with R. F. Frazer & Co.); PRITCHARD, Reginald Alfred (with Hodgson, Harris & Co.); TIMOTHY, Edward Herbert (with Duncan, Watson & Short); WHYTE, Alan Manson (with Bleas & Sons); WILSON, Frank Denis (with R. Duncan French & Co.).

**Llanelli**—JONES, Keith (with D. J. Charles).

**London**—ADDISON, Robert John (with Deloitte, Plender, Griffiths & Co.); ARBEN, Alan William (with Layton-Bennett, Billingham & Co.); ATKINS, Eric James George (with Walter Lester & Co.); AUSTIN, Leonard Alfred (with Baker, Sutton & Co.); AYTON, Ronald Benjamin (with Harris, Funnell & Co.); BANKS, Derek Arthur (with Miall, Harper & Co.); BARNES, Gerald William (with Holden, Howard & Co.); BARNES, Victor John (with Pike, Russell & Co.); BARTON, Sidney James George (with Hayden Green, Williams & Co.); BEADLE, Roy Bernard (with Wilson, Stirling & Co.); BEARD, Peter Frederick (with Dixon, Wilson, Tubbs & Gillett); BENZECRY, Michael Raphael (with Lithgow, Nelson & Co.); BERGER, Gloria (with Auerbach, Hope & Co.); BERMAN, Barry Jules Walter (with Auerbach, Hope & Co.); BERMAN, Norman (with M. Britz & Co.); BERRY, Derek (with Fairhead, Davies & Co.); BINGHAM, Bruce Crewe (with Pannell, Crewdson & Hardy); BINGHAM, Ronald Bruce (with Lord, Foster & Co.); BLADES, David John Trevor (with Cotman, Hooper & Co.); BOOKATZ, Arnold (with Davis, Berks & Co.); BOREHAM, Harry Alfred (with Davies, Son & Simmonds); BOTTOMS, Clifford Frederick Douglas (with Cassleton Elliott & Co.); BOULTON, Robert Harold (with Hodgson, Harris & Co.); BROWN, Norman John (with Keens, Shay, Keens & Co.); BURKE, Jeffrey (with Rawlinson & Hunter); BURNS, Martin (with R. A. Goodman & Co.); BUTTERWORTH, Maurice Stewart (with Slipper & Co.); CASLAKE, Philip (with F. W. Stephens & Co.); CHANDLER, Albert John William (with B. de V. Hardcastle, Burton & Co.); CHAPMAN, Douglas Arthur (with Evans, Davies & Co.); CHINERY, Peter Alfred (with West, Wake, Price & Co.); COMBER, Norman George (Inland Revenue); CONSTABLE, Stanley Ernest (with R. G. Kirkpatrick & Co.); COWAN, Alan (with Viney, Price & Goodyear); DENMAN, Peter Leonard (with W. T. Flower & Co.); DE VELLV, Ernest Louis (with Cash, Stone & Co.); DI PALMO, Cosimo (with Wm. F. Smart, Son & Bloor);

DIXON, John Dennis (with Richard Preston); DONN, Arnold (with Beresford, Israel & Co.); EASTON, Peter Francis (with Pawley & Malyon); EDLER, Henry James (with Sewell, Hutchinson & Co.); EDWARDS, Alan Frank (with Cooper Brothers & Co.); FARRELL, John Patrick (with Wright, Fairbrother & Steel); FARROW, Royston John Kenneth (with Button, Stevens & Witty); FERNANDO, Dodsley Eustace (with E. G. Bourne & Son); FINCHAM, Allan Charles (with Price, Waterhouse & Co.); FOX, Henry John (with Luff, Smith & Co.); FOX, William Ernest (with Howard, Howes & Co.); FRIEND, Robert George (with Southwell, Tyrrell & Co.); GARBACZ, Bernard (with Edward Em. Sander & Co.); GODDARD, Ronald Arthur (with Smallfield, Fitzhugh, Tillett & Co.); GOODMAN, Dennis William (with Harwood Banner, Lewis & Mounsey); GREEN, Dennis Malcolm (with Derbyshire & Co.); HAGGAR, Anthony James (with Allen, Baldry, Holman & Best); HARRINGTON, Alfred Noel (with Everett, Chettle & Co.); HAWKE, Frederick Charles (with Deloitte, Plender, Griffiths & Co.); HAYES, Geoffrey Michael George (with West, Wake, Price & Co.); HAYWARD, Donald John (with Wilson, Stirling & Co.); HEDGES, John Bernard (with Deloitte, Plender, Griffiths & Co.); HENSON, Derek Edward (with Cooper & Cooper); HESKINS, William Bruce (with Cooper Brothers & Co.); HEWITT, Peter John (with J. A. Cook); HICKEY, James Arthur (with Herbert Pepper & Rudland); HOARE, Eric Angus (with Peat, Marwick, Mitchell & Co.); HOLLAND, James John (with Lithgow, Nelson & Co.); HUGGINS, Peter James (with W. T. Walton & Son); IRELAND, Alan James (with Cooper Brothers & Co.); JENNINGS, John William (with Deloitte, Plender, Griffiths & Co.); JOHNSON, Herbert Ronald (with Charles Wakeling & Co.); JOHNSON, Lawrence Stanley (with Hodgson, Harris & Co.); JONES, Pamela Grace (with Cooper & Cooper); KELL, Douglas Frederick (with B. de V. Hardcastle, Burton & Co.); KEMP, Neil Edward (with Jones, Ross, Howell & Co.); KERR, Michael John (with West, Wake, Price & Co.); KING, Alan Herbert (with Binder, Hamlyn & Co.); KING, Ernest William (with Kemp, Chatteris & Co.); LLOYD, Rupert William Llewellyn (with C. F. Middleton & Co.); LOVEGROVE, Eric Alfred (with Baskett & Bryant); McFARLANE, Donald Dennis (with Smith & Williamson); McKERNES, Wilhelmina Logan (with Sharpe, Fairbrother & Co.); MALICKI, Bernard Augustyn (with Barton, Mayhew & Co.); MANCHESTER, Eric Leslie (with Dangerfield, Brewis & Co.); MANNING, Roy George Clarke (with Brown, Peet & Tilly); MEAD, Ronald William (with Matthews, Wiseman & Co.); MEADEN, Geoffrey Frederick (with Wilson, Bigg & Co.); MILTON, Derek John (with Gubbay & Co.); MOATE, David Walter (with Albert Ries & Co.); MONK, Arthur William (with Charles Wakeling & Co.); MOORE, Gerald Alfred (with Basil Hallett & Co.); MOSS, Leonard Anthony (with Ronald A. Goodman & Co.); MUIR, John David (with Price, Waterhouse & Co.); MULLINGER, Ronald Arthur (with Kingston, Smith & Co.); NEWBY, Leslie John (with Frazer, Whiting & Co.); NORTHAGE, Derek Henry (with Kingston, Smith & Co.); NOTT, Christopher Roy (with Nevill, Hovey, Gardner & Co.); OWEN, John Greswolde (with Peat, Marwick, Mitchell &

Co.); PALMER, John Frederick (with B. de V. Hardcastle, Burton & Co.); PARDOE, Alan Percy (with Mellors, Basden & Co.); PATEL, Bhulabhai Rambhai, B.COM. (with Dudley F. D. Cartwright, Atkinson & Co.); PEARSON, Dennis Frederick (with Holmes-White, Herbert & Co.); PIMM, Dennis Frank (with Slater, Chapman & Cooke); POTELIAKHOFF, Solomon (with Farr, Rose & Gay); RAINEY, Kenneth Victor (with E. C. Brown & Batts); RAPLEY, Lawrence Noel (with Edward Myers, Clark & Co.); RATCLIFFE, Frank Edward (with Simpson Wreford & Co.); ROGERS, Frederick George (with H. G. Large, Heather & Co.); ROGERS, Robert Victor (with Herbert Hill & Co.); RUBIENSKI, Wladyslaw-Aleksander, (with J. H. Champness, Corderoy, Beesley & Co.); RUSE, Percy Claude (with Sharpe, Fairbrother & Co.); RUSSELL, Peter Sydney (with Blakemore, Elgar & Co.); RYAN, Francis Joseph (with Deloitte, Plender, Griffiths & Co.); SALTER, Raymond Frederick (with Slipper & Co.); SAMUELS, Henry (with L. Fialko & Co.); SEABROOK, Kenneth Frederick (with Brown, Peet & Tilly); SCANNELL, Geoffrey Charles (with H. F. Thompson); SHEPHERD, Donald Henry (with Longcroft, Smith & Co.); SHERLOCK, Bernard Arthur Joseph (with Woodington, Bubb & Co.); SMITH, Ronald John (with Peat, Marwick, Mitchell & Co.); SNOW, Reginald John (with Deloitte, Plender, Griffiths & Co.); SODEN, Robert William (with Holden, Howard & Co.); SPARKS, Cyril Henry (with Jackson, Axley & Co.); STOCKER, Denis George (with Pawley & Malyon); STOKES, Albert Frederick (with C. Neville Russell & Co.); TAYLOR, Kenneth Charles (with Charles Taylor & Son); THACKER, Stephen Woodford (with Clarkson & Rumble); THOMPSON, Ronald William (with Price Waterhouse & Co.); TOOLE, Pat Edward (with Whitehill, Marsh, Jackson & Co.); TUFFILL, Victor Eric (with John M. Winter & Sons); UPFOLD, Charles Arthur (with Edward Moore & Sons); VAN NIEUWERK, Ivor Stuart (with Norman Alexander & Co.); VIDLER, Edwin Norman (with Farr, Rose & Gay); WALDER, Edwin Ernest (Borough Treasurer's Department, Finchley); WEINGARTEN, Nathan (with Field & Co.); WOOD, Joseph William (with Buckley, Hall, Devin & Co.); WOODS, Patrick Ignatius (with Spicer & Pegler).

**Long Eaton**—INGHAM, Norman (Treasurer's Department).

**Loughborough**—WALPOLE, Michael (with Herbert Godkin & Co.).

**Luton**—JEFFS, Christopher Richard (with J. Hillier).

**Madras**—RAO, Addanki Ramachandra, M.A. (formerly with Sastri & Shah).

**Maidenhead**—WORTH, Alan Geoffrey (with Bingham Jones & Co.).

**Maidstone**—CLARKSON, Donald Robert (with Larking & Larking); TAYLOR, Ronald Charles (with McCabe & Ford).

**Manchester**—ATKINS, Ronald (with Winnett & Holden); CLIFT, Ian Lionel (with John Tonge & Johnson); COLLIER, Ivor Goodwin (with Willett, Son & Garner); CRUTCHLEY, Leslie (with Carter, Chaloner & Kearns); HILTON, Albert (with Bayley, Wood, Cave & Co.); HOLLAND, William (with W. Bolton & Co.); NICHOLLS, Irene Ada (with Grundy, Middleton & Co.); PEGGE, Denis Christopher (with Joseph W. Shepherd & Co.); SIDEBOTTOM,

Alan (with F. Arthur Pitt & Co.); SMITH, John Norman (with John W. Hirst & Co.); WALLWORK, Roger Alan (with Willett, Son & Garner); WHITE, Fred (with Greenhalgh, Sharp & Co.); YATES, Geoffrey Michael (with Alfred Nixon, Son & Turner).

**March**—REEVE, John (with Larking, Larking & Whiting).

**Middlesbrough**—BATES, Thomas Henry (with William Dent); PROUDLER, John Colin (with C. Percy Barrowcliff & Co.); SCURRAH, Ernest (with Gilchrist, Tash, Wilson & Sansom).

**Minhead**—BINDING, Hector Arthur (with W. H. Grigg & Perkins).

**Nairobi**—ADAMS, Sydney Howard (with Dunstan Adams & May); JOLLEY, Michael Francis (with Alexander & Ingram); McDONALD, Cyril Barratt (with Angus Lawrie, Jeremy & Co.).

**Narberth**—PHILLIPS, Thomas Delme (with Wynn Llewelyn & Davies).

**Newcastle - under - Lyne**—BERESFORD, James Brian (with Reginald Statham & Co.); UNWIN, Thomas James (with L. G. Fetzter).

**Newcastle - upon - Tyne**—CROWTHER, Gordon Healey (with Winter, Robinson, Sisson & Benson); HUNTER, Kenneth (with J. W. Armstrong & Sons); IONS, John Thompson (with Robson, Laidler & Co.); JACKSON, Peter Samuel Fenwick (with J. W. Armstrong & Sons); WHITE, John Charles (with M. Hutchinson & Co.); WILKINSON, Walter (J. W. Armstrong & Sons); YOUNG, Jack (with F. S. Rowland & Co.).

**Newport, Mon.**—HOLLAND, John Cottrill (with Kimpton, Holland & Co.); IRELAND, Hugh Malcolm (with Alban & Lamb); JONES, Derek Theo. (with Friend, Ellis & Co.); THOMAS, George Attwell (with C. T. Stephens & Co.).

**Northallerton**—WALKER, Robert (County Treasurer's Department).

**Norwich**—BARKER, Alan Marcus (with Harman & Gowen); BARTON, Ernest Raymond (with Culley & Co.); CARVER, Leslie Walter (with H. P. Gould & Son); CROME, Dennis Victor (with H. P. Gould & Son); HARVEY, Derek Roy (with H. P. Gould & Son).

**Nottingham**—BARNACLE, William Edward (with Hubbard, Durose & Pain); FREEMAN, Kenneth Horace (with J. H. Trease & Co.); YOUNG, David Frank (with Stanley Wallis & Co.).

**Nuneaton**—REDFERN, John William (with Thomas Bourne & Co.).

**Oxford**—HORN, Rowland Walton (with Wenn, Townsend & Co.).

**Paignton**—CRUSE, Robert James (with R. W. G. Taper); HARDING, Michael John (with R. W. G. Taper); RACKLEY, Leslie John (with Fieldings).

**Peterhead**—WILL, James Pratt (Town Chamberlain's Department).

**Poole**—THOMAS, Leslie Stephen (with E. G. Pulsford).

**Port of Spain (Trinidad)**—HODGES, Cecil William (Colonial Audit Department).

**Portsmouth**—BLACK, David Victor (with J. V. Couzens); FACEY, Derrick Edward (with Cartwright, Pyke & Co.).

**Preston**—CHAMPION, John Frederick (with R. O. Griffith & Co.); HESMONDHALGH, James (with Moore & Smalley); JONES, Roland



Edmund (with S. Thornton); SEED, Howard Henry (with Clifford Thornton).

Ryde—CLARKSON, Francis Hugh (with A. E. Hook & Co.).

St. Albans—WINKLER, John Hargrave (with Geo. Little, Sebire & Co.).

Salisbury, S. Rhodesia—DRYDEN, Douglas Cecil, B.A. (with Dryden & Co.).

Scarborough—BRAMLEY, Colin (with F. L. Gardiner & Co.); THORNTON, Raymond (with T. H. Jackson & Bunting).

Seaford—CARTER, John Philip (with Legge, Terry & Swindells).

Sheffield—BESLEY, John (with Poppleton & Appleby); COTTINGHAM, Barrie (with Carnall, Slater & Co.); CUNDY, Roy (with Ransom Harrison & Lewis); FIELDSEND, Lawrence (with Kirkman, Manning & Kay); GARNETT, Ronald (with W. G. Hawson, Wing & Co.); HUNN, Geoffrey Wilson (with Wells, Richardson & Co.); HUTTON, Thomas Graham (with R. W. Atkin); MILLS, Peter Derek (with W. G. Hawson, Wing & Co.); OADES, Gordon Wilson (with W. G. Hawson, Wing & Co.); ROBINSON, Keith (with W. G. Hawson, Wing & Co.); RODDIS, Eric (with Ransom Harrison & Lewis); THOMPSON, Bernard (with Peat, Marwick, Mitchell & Co.).

Shrewsbury—CHAMBERS, Reginald (with W. R. Yaxley).

Sligo—McELROY, William Patrick (with Rawlinson, Allen & White).

Southsea—SMEE, Anthony John (with Buchanan & Barter).

South Shields—BAKER, Gilbert Joseph (with Henry Chapman, Son & Co.); COLVIN, John Gilbert (with Laverick, Walton & Reed).

Stafford—JARRETT, John Edwin (County Treasurer's Department).

Stockton-on-Tees—ATKINSON, John (with W. T. Walton, Son & Rowland).

Stoke-on-Trent—DAVIS, John Brian (with Bournier, Bullock & Co.); HORNE, Reginald Jeffrey (with J. Paterson Brodie & Son); OWEN, John Francis (with F. Green & Co.); SAVAGE, Geoffrey (with Donald H. Bates & Co.); WHITTINGHAM, John (with Reginald Stattham & Co.).

Stroud—VINES, Godfrey Edward (with S. J. Dudbridge & Sons); WEBB, Brian Ernest (with S. J. Dudbridge & Sons).

Sunderland—DEW, Leonard (with Harold Barnes); LEONARD, John Bell (with Roland Jennings & Co.); MOONEY, Brendan Ignatius (with A. J. Ingram & Co.).

Swanage—TUBBS, Gordon Herbert Lawrence (with F. Vernon L. Redman).

Swansea—HARRIS, David Gerald (with H. K. Greaves).

Tunstall—SHERRATT, Charles John (with Donald H. Bates & Co.).

Wallington—GLOVER, William Derrick (with Norris, Tucker & Co.).

Waterford—ANTHONY, Patrick Raymond (with E. P. Grace).

Wellingborough—KNIFTON, John Roy (with H. W. Pratt, Pollard & Co.).

Wembley—BRAY, Ernest Hedley (with W. Addison).

Weston - super - Mare—SILCOCKS, Trevor Beresford (with J. & A. W. Sully & Co.).

Wetherby—MYERS, Brian (with Frank Myers).

Wolverhampton—SWAIN, Malcolm Richard

(with Campbell & Co.); WESTWOOD, Anthony Harold (with Campbell & Co.).

Worcester—WEDGE, Bryan Kenneth (with John Flay & Co.).

Worthing—CHURCHER, Alfred Frank (with Carpenter, Box & Co.); COOKE, Ryan Ivor (with Arthur Stubbs & Spofforth); KING, John Michael (with Walpole, Harding, Vidgeon & Elliott); LAND, James Gordon Murray (with Walpole, Harding, Vidgeon & Elliott); PASCAL, Eric Louis (with Arthur Stubbs & Spofforth); SUBAIR, Hamzat Abiodun (with Walpole, Harding, Vidgeon & Elliott).

## PRELIMINARY EXAMINATION

### Honours Candidate (1)

CUNNINGHAM, Eric, Belfast.

### Candidates Passed (51)

ARDILL, Arthur Bryan, Belfast; BELLEW, Lawrence Anthony, Liverpool; BEST, Richard Alexander, Portladow, N. Ireland; BLYTH, Leslie Frederick, Leeds; BRADY, Paul Carson, Ashton-under-Lyne; BROADBENT, Keith Foster, Bradford; BROWN, John Thomas, Liverpool; BUCKNELL, Gerald Arthur, Hesse, East Yorks; BULLOCK, Geoffrey, Skipton; CHILCOTT, Terence, Douglas, Isle of Man; CLARKE, Norman Victor Granville, Bradford; CLEARY, John, London, S.W.4; DALY, Edmund Gerard, Manchester; FURNESS, Alan John, London, N.17; GALLIS, Alan William, Dudley; GLOVER, Eric Brian, Shrewsbury; GORDON, Harry David, Parkstone, Dorset; GOSTLING, Brian, Keighley; HAGUE, John Arthur, Romford; HALL, Brian George, Sheffield; HETHERINGTON, David Malcolm, Bury; IRVINE, Ian James, Aberdeen; JONES, Jack, Ashton-under-Lyne; JONES, John Thomas, Plymouth; JONES, Thomas Glyn, Derby; KENNY, Arthur Anthony, Manchester; LYLE, Robert John, Craigavad, Co. Down; McAULEY, Edward, Belfast; MACKERVOY, Ian John, London, E.4; MALPASS, David Francis, Brighton; MANNING, Frederick Clarence, London, S.E.15; MILNER, Keith, Leeds; NOEL, Frank Joseph Anthony, Rickmansworth, Herts; OLVER, John Richard Henry, Holywood, Co. Down; PEVERLEY, Brian, Sunderland; PRYLE, John, Blackpool; SAUNDERS, John, Belfast; SLATFORD, Terence Keith, Doncaster; SMITH, David Riley, Bradford; SPIVEY, Ralph, Bradford; STEWART, Noel, Enniskillen; SUNDERLAND, Roy, Bradford; TEDFORD, Joseph Hull, Belfast; THEAKSTON, Paul Frederick, Smethwick; TRANTER, Robert, Hounslow; TURNER, David Brinton, Portsmouth; VANCE, Samuel Frederick, Belfast; WEIR, John Blades, Bridgnorth; WRIGHT, John Clark, Sunderland; WRIGHT, John Reginald Emerson, Ballywalter, Co. Down; YOUNG, John Malcolm, Glamorgan.

## MODIFIED PRELIMINARY EXAMINATION

### Candidates Passed (20)

CLARKSON, Donald, Leeds; DUPONT, Matthias Adolphe, London, S.E.27; FOSTER, George Hatton, Douglas, Isle of Man; FOSTER, James, Preston; FERRY, Cyril Raymond, Dagenham, Essex; HARE, Anthony, Hull; HOLLAND, Derek, Blackburn; PAGE, Joseph, Manchester; PERREN, Dennis Charles, Edgware, Middx.; PROWSE, Alfred William, Dagenham, Essex; RAWLINS,

Ronald, Darlington; ROWLAND, Reginald, Stanley, London, E.17; RUTLEDGE, William Gerald, Wirral, Cheshire; SMITH, Eric, Huddersfield; SPINK, Geoffrey Vernon, Scarborough; STANLEY, George Derek, Sheffield; STEAD, George, Lepton, near Huddersfield; STEVENS, Gerald Aubrey, Bexleyheath, Kent; TREMBATH, Ernest, Roby, near Liverpool; YOUNG, Kenneth Albert, London, S.W.3.

## PERSONAL NOTES

Mr. Peter Hopkinson, Incorporated Accountant, has commenced public practice at 15, Bond Street, St. Helier, Jersey.

Messrs. McCann, Bentley & Co., London, W.1, have taken into partnership Mr. T. Morgan, A.S.A.A.

Messrs. Clements, Hakim & Co., Incorporated Accountants, St. Paul's House, 61-63, St. Paul's Churchyard, London, E.C.4, announce that Mrs. J. R. Wise, A.S.A.A., who has been with them since 1942, has joined them in partnership. Mr. R. P. Hedley, F.S.A.A., has resigned from the firm, but is practising in the name of R. P. Hedley & Co. at the same address.

Mr. W. E. W. Mitchell, J.P., F.C.A., Hastings, has been joined in partnership by Mr. W. R. McBrien, A.C.A., A.S.A.A. The practice will be carried on as before in the name of Gibbons & Mitchell.

Messrs. A. Cropp Hawkins & Co., Incorporated Accountants, Stoke-on-Trent, have admitted to partnership Mr. E. R. Hall, A.S.A.A., Mr. A. Cropp Hawkins, F.S.A.A., has retired from the firm and is now secretary of Congleton Building Society.

The practices of Messrs. Baker & Co. are being amalgamated with those of Messrs. Taylor, Froude & C. R. Riddington and of Messrs. T. Rimington & Co. The joint practices will be carried on as Baker & Co., Incorporated Accountants, at Welford House, Welford Place, Leicester, and Castilian Chambers, Castilian Street, Northampton. The partners are Mr. H. Feldon Baker, F.C.A., A.S.A.A., Mr. D. Sirkin, F.S.A.A., Mr. J. W. Walkden, A.C.A., A.S.A.A., Mr. J. B. Corrin, A.C.A., A.S.A.A., Mr. C. R. Riddington, F.S.A.A., Mr. T. Rimington, F.S.A.A., and Mr. T. G. Rimington, A.S.A.A.

The practices of Messrs. H. W. West and Co. and Messrs. Lewis Tuck & Co. have been amalgamated and are now being carried on under the style of H. W. West and Co., Incorporated Accountants, at Leadenhall House, 101, Leadenhall Street, London, E.C.3.

Mr. Norman R. Reaney, A.S.A.A., F.C.W.A., secretary and commercial manager to George Salter & Co., Ltd., West Bromwich, has been appointed a director of the company.

## REMOVALS

Messrs. James & J. H. Paterson, Incorporated Accountants, have removed their Greenock office to 42, High Street.

Messrs. Parker, Edwards & Co. announce that their address is now 35, Winckley Square, Fishergate, Preston.

Messrs. Walter Harrison & Son, Incorporated Accountants, have removed to 5, Charles Street, Bradford.

Messrs. Lerman & Cash announce that their present offices at Birkenhead and Rock Ferry will close on July 12, when they are removing to 17, Brandon Street, Hamilton Square, Birkenhead.

Messrs. A. J. Paul & Co., Incorporated Accountants, have removed their Redruth office to 1, Green Lane.

Messrs. Street, Ibbotson & Co., Incorporated Accountants, have removed their Congleton office to 56, West Street.

Mr. Frank T. Goodliff, Incorporated Accountant, announces that his address is now 24, Gloucester Place, Brighton.

Messrs. Gladstone, Jenkins & Co. have changed their address to 9, Bedford Square, London, W.C.1.

The firm name of Messrs. James Baird and Co., Incorporated Accountants, has been changed to D. T. Carson & Co. Their address is now 50, Ballymoney Street, Ballymena, Northern Ireland.

Messrs. Henderson, Griffiths & Co., Incorporated Accountants, have removed to 53, Cathedral Road, Cardiff.

## OBITUARY

### SAMUEL BOYLE

We regret to announce that Mr. Samuel Boyle, F.S.A.A., died on July 16. He became a member of the Society of Incorporated Accountants in 1920, and started practice three years later. He practised under the style of Samuel Boyle & Co. at Belfast and Londonderry.

Mr. Boyle was a very active member of the Northern Ireland District Society, and served as its President from 1942 to 1944.

### CECIL HOLMES BRAND

We regret to record the death on June 26 of Mr. Cecil Holmes Brand, F.C.A., F.S.A.A., senior partner in Messrs. Smallfield, Rawlins and Co., Chartered Accountants, London, E.C.4. Mr. Brand became a member of the Society of Incorporated Accountants in 1924 and of the Institute of Chartered Accountants in England and Wales in 1931. He was for a number of years associated

with Messrs. Kemp, Chatteris, Nicholls, Sendell & Co., being a partner in that firm from 1931 to 1937. After a period in commerce, he resumed practice in 1940 in Messrs. Smallfield, Rawlins & Co.

### THOMAS OLVER MORGAN

The Swansea and South-West Wales District Society of Incorporated Accountants has suffered a severe loss in the death on July 9 of Mr. T. O. Morgan, A.S.A.A., who became Honorary Secretary on the formation of the District Society in 1926 and retained that office for twenty years—except for the brief interval in 1934-5, when he was elected President. His interest in and work for the District Society continued, and he remained a member of the Committee.

Mr. Morgan was 68 years of age. He entered the service of the Borough of Swansea in 1902, and was Deputy Borough Treasurer from 1923 till his retirement in 1949. He qualified as an Incorporated Accountant in 1922. During World War I he had served in the R.A.S.C. in Mesopotamia. He was a member for many years of the Beaufort Lodge of Freemasons.

### EDWARD PATRICK MICHAEL SHEEDY

We record with regret the death on June 15 of Mr. E. P. M. Sheedy, F.S.A.A., F.C.A. (AUST.), senior partner of Messrs. E. P. M. Sheedy & Son, Sydney, and President since 1943 of the New South Wales Branch of the Society of Incorporated Accountants.

Mr. Sheedy was 78 years of age. He became a member of the Society in 1902 and commenced practice in Sydney in the following year. He was also Chairman of Australian United Press, Ltd., and a director and financial adviser to many leading trading and manufacturing companies in New South Wales. In 1934-6 he served as a member of the Royal Commission appointed by the Government of Australia to inquire into the wheat, flour and bread industries.

### CHARLES TUNNINGTON

With great regret we record the death of Mr. Charles Tunnington, F.S.A.A., of Liverpool. He died on June 22 at the age of 76. Mr. Tunnington qualified as an Incorporated Accountant in 1909, taking honours in the Final examination. In 1912 he was taken into partnership in the firm of Langton & MacConnal, becoming senior partner within a few years, and established a wide reputation for his knowledge of taxation matters.

His interests and sympathies were many, but he was always a keen member of the Incorporated Accountants' District Society

of Liverpool. He was elected Vice-President in 1916, a position he retained until in 1923 and 1924 he was elected President. He gave much thought and attention to the advancement of students, not only as a lecturer but also by his readiness at all times to hear and advise on their individual problems.

He was a staunch member of the Church of England and served as chairman or treasurer of various diocesan finance Boards and committees, where his keen analysis and sympathetic suggestions were appreciated.

The funeral service took place on June 25 at All Hallows Church, Allerton, Liverpool.

## BOOKS RECEIVED

(Continued from page 285)

**OFFICE MANAGEMENT.** An official report based on Papers and Deliberations at the National Conference, 1951. (*Office Management Association, Management House, 8, Hill Street, London, W.1. Price 7s. 6d., post free.*)

**ALLOCATION OF CENTRAL ADMINISTRATIVE EXPENSES.** By G. L. Cramp, A.I.M.T.A., and E. S. King, A.I.M.T.A., A.S.A.A. (*Institute of Municipal Treasurers and Accountants, 1, Buckingham Place, London, S.W.1. Price 7s. 6d. post free.*)

**RETURN OF FIRE SERVICES STATISTICS, 1950-51.** (*The Institute of Municipal Treasurers and Accountants, 1, Buckingham Place, London, S.W.1, and The Society of County Treasurers, 30, Vauxhall Bridge Road, London, S.W.1. Price not stated.*)

**RETURN OF POLICE FORCE STATISTICS, 1950-51.** (*Institute of Municipal Treasurers and Accountants and Society of County Treasurers.*)

**TAXATION IN CANADA.** By J. Harvey Perry. Sponsored by the Canadian Tax Foundation. (*Toronto: University Press. Price \$6.00. London: Geoffrey Cumberlege. Price 45s. net.*)

**ADVERTISING EXPENDITURE IN 1948.** By Rodney Silverman, B.Sc.(ECON.). (*Published on behalf of the Advertising Association by Newman Neame, Ltd., and distributed by James Barrie Publishers, Ltd., 3-4, Clement's Inn, Strand, London, W.C.2. Price 21s. net.*)

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